



Daily Report

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General

Shultz' Moscow Talks 'Worth Noticing' *OW211435 Beijing XINHUA in English 0857 GMT 21 Feb 88*

[Text] Moscow, February 21 (XINHUA)—U.S. Secretary of State George Shultz arrived here this morning for talks with Soviet leaders on arms control and other issues in a bid to prepare a new round of U.S.-Soviet summit.

Shultz's current trip is the start of his series of meetings with Soviet Foreign Minister Eduard Shevardnadze before the planned summit meeting between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Moscow this year.

During his three-day visit to the Soviet Union, Shultz will hold three rounds of talks with Shevardnadze today and meet Gorbachev and Premier Nikolay Ryzhkov respectively tomorrow.

Soviet Foreign Ministry spokesman Vadim Perfilyev Thursday told a news conference that the issue about a 50-percent cut in strategic offensive weapons of the two countries will be the "top-priority problem" in Shultz's three-day talks.

Both Reagan and Gorbachev, after signing the intermediate-range nuclear forces treaty in Washington last December, said that they hope to reach an agreement on a 50-percent cut in strategic arms during President Reagan's return visit to Moscow in the first half of 1988.

However, the two countries made no progress of substance in their Geneva arms talks in the past two months. Both sides are still different on linkage of the strategic arms cut with the U.S. strategic defense initiative, known as the "Star Wars" program, and on how many warheads of various types of the strategic offensive arms should be cut.

In the last few days, each side at the Geneva talks has accused the other of causing the strategic arms negotiations to be stalled.

Aimed at breaking the stalemate on arms control consultations, Shultz's talks will also cover a settlement of Afghanistan, conventional and chemical weapons, nuclear testing, human rights and other regional conflicts, according to the spokesman.

In his statement earlier this month, Gorbachev said the Soviet Union will begin to withdraw its troops from Afghanistan as from May 15 and will complete the withdrawal within 10 months if Pakistan and the Kabul regime sign an agreement on political settlement of the Afghanistan issue in their Geneva talks before March 15.

But, Soviet official media, in recent days, have accused the United States of placing obstacles in the settlement of Afghanistan.

The new round of talks between Pakistan and the Kabul regime are scheduled to begin in Geneva on March 2. Therefore, it is worth noticing what would come out of Shultz's talks with Soviet leaders on this subject.

Wu Xueqian Meets Red Cross Chairman *OW220807 Beijing XINHUA in English 0724 GMT 22 Feb 88*

[Text] Beijing, February 22 (XINHUA)—Chinese State Councillor Wu Xueqian met Mario Villaroel Lander, chairman of the League of Red Cross and Red Crescent Societies (LRCRCS), and his party here today.

During their conversation, Wu said the Chinese Government highly appreciated the achievements the LRCRCS has made since its founding in 1919 in practising humanitarianism, aiding victims of natural calamities and alleviating sufferings of mankind.

Both Wu and Lander expressed the hope that the league and the China Red Cross will strengthen cooperation in the future.

United States & Canada

Round-Up of Efforts To Rescue U.S. Marine *OW192242 Beijing XINHUA in English 1459 GMT 19 Feb 88*

["Round-Up: Efforts Intensified To Rescue American Officer"—by Zhu Jiefei—XINHUA headline]

[Text] Beirut, February 19 (XINHUA)—Varied efforts are intensified to secure the release of a senior American Marine officer kidnapped Wednesday in South Lebanon.

The U.N. Interim Force in South Lebanon (UNIFIL) aided by local Muslim Amal militiamen sealed off the southernmost Lebanese port city of Tyre and surrounding areas in their continuing search for the U.S. officer Col. William Higgins.

A local Amal leader warned Thursday that his men would use force if the American officer was not released immediately.

The house-by-house search was carried out overnight and continued today, but the UNIFIL spokesman Timur Goksel said no progress had been made.

Col. Higgins headed a 76-member team of U.N. truce supervision organization (UNTSO) in South Lebanon. He was seized as he was driving from Tyre to the UNIFIL headquarters at Naqoura on Lebanon's border with Israel.

The UNIFIL spokesman said earlier that Higgins defied a U.N. warning against single travel, especially Americans, in dangerous areas. Higgins was the ninth American being held as hostage in the terrorist-bedecked country since the abduction war broke out in 1984.

A new underground extremist group identifying itself as Islamic Revolutionary Brigade has claimed capturing Higgins. It accused Higgins of being an American spy working for the Central Intelligence Agency (CIA).

The group said that Higgins has been transferred to a unknown place neither in Beirut nor in South Lebanon. It will soon release a written statement about the kidnapping.

This serious kidnapping has somewhat shifted the world attention back to Lebanon as the U.N. Under Secretary-General Marrack Goulding came to Lebanon yesterday. He transmitted the U.N. warning to President Gemayel and other Lebanese senior officials of possible consequences for U.N. activity in that country following three abductions of its staff.

Two Scandinavians working for U.N. Relief and Works Agency (UNRWA) were kidnapped earlier this month in South Lebanon and remain missing.

The U.N. warning implies a likely suspension of U.N. operations in Lebanon if its personnel were placed at undue risk. UNRWA has already curtailed some of its activities here as a result of the kidnapping of its two staff members.

U.S. President Ronald Reagan warned in an unexpected mood yesterday to rescue Higgins although the White House quickly explained the U.S. would secure Higgins' release through diplomatic intermediaries.

Washington sent a group of warships off the Lebanon's coast about one year ago in response to kidnapping of Americans, but stopped short of using force.

The new rise of abduction has raised the number of Western hostages to 25. Most of them are believed to have been kidnapped by Muslim extremists who are reportedly inspired by the Iranian revolution and the Abu Nidal group splitted from the PLO.

Article on U.S. Withdrawal of Privileges
HK210446 Beijing JINGJI RIBAO in Chinese
4 Feb 88 p 1

[Article by reporter Sun Yanjun (1327 3601 0689): "Trying To Keep Water From Boiling by Scooping It Up and Pouring It Back Was Not a Wise Policy—Commenting on the U.S. Decision To Withdraw the GSP From the 'Four Small Tigers'"]

[Text] U.S. President Reagan announced on 29 January the withdrawal of the special trade privileges under the generalized system of preferences (GSP) from South Korea, Taiwan, Hong Kong, and Singapore, the "four Asian small tigers," effective the beginning of January 1989.

The U.S. decision did not come as much of a surprise because there had been clamor about it for some time. But when the final decision came, it caused repercussions to different degrees among the four Asian countries. The repercussions from South Korea and Singapore have been the strongest. South Korea claimed that it would seek international arbitration. Singapore condemned the United States for going back on its word and demanded a countermand of the decision. Hong Kong expressed its disappointment with the U.S. decision. Hong Kong industrial, commercial, and trade circles said they believed the U.S. decision to be an unwise action and one that is unfair to Hong Kong. They reminded the United States of the fact that Hong Kong has been a major import market for U.S. machines, parts, and semi-finished products. Taiwan has always benefited the most from the GSP, and the repercussions from there have been the most delicate. On the one hand, Taiwan believes that the decision will not be too serious a blow; on the other hand, it assumes itself the winner on the basis of the simultaneous graduation of the "four small tigers."

The introduction of the generalized system of preferences (GSP) was based on "assisting industries in developing nations in becoming competitive in the U.S. market" in the 1974 amendment to the U.S. Trade Act. Its essence was allowing preferences for the beneficiary nations under a duty-free arrangement regarding certain categories of products, whereby the industries of developing nations and regions might be promoted. The GSP was first implemented in 1975, with 141 nations and regions enjoying GSP benefits and with more than 3,000 items under a duty-free arrangement. The four Asian countries accounted for 60 percent of the total volume of the privileges under the scheme.

The disputes between the United States and the four Asian countries have a long history. With the vigorous growth in the economies and exports of the four Asian countries, U.S. trade deficits with them have also grown with each passing year. The favorable balance of trade of the four Asian countries from the United States was \$37 billion in 1987, while more than 20 percent of the U.S. trade deficit in 1987 came from them. Despite the successive revaluation of the South Korean won, the Taiwan dollar, and the Singapore dollar against the U.S. dollar under U.S. pressure and duty reductions on more than 100 items from South Korea and Taiwan for U.S. import, there has been no substantial change in the trade imbalance between the United States and the "four small tigers." The United States has so far failed to check its trade deficits with them and has thus long threatened to withdraw the GSP from them, regarding this as a weapon to press them for continuous revaluation.

Now the oft-mentioned threat has become action. The U.S. administration stated that the decision was not a punitive measure. However, with a mere glance at the backdrop for the scene, the whole matter becomes crystal clear.

At present, the U.S. trade deficit continues to be high. The voice for trade protectionism at home has grown stronger with each passing day. It was against such a backdrop that the decision to withdraw the GSP from the "four Asian small tigers" was made. We cannot but regard this decision as the Reagan administration's compromise with protectionism.

The withdrawal of the GSP will have certain effects on the economics and exports of the four Asian countries, involving \$10 billion in their gross export value to the United States. Such exports chiefly fall into the categories of sports instruments, hygienic instruments, articles for daily use, and furniture. Some small enterprises will suffer a heavy blow. However, the duty-free goods from the four Asian countries account for between 15 and 20 percent of their export volume to the United States, while the average tariff rate will be only 5 percent; therefore, the blow on the four Asian countries will not be too grave, and the effects on the competitiveness of their exports will be limited. The withdrawal of the GSP will stimulate the four Asian countries to further improve their competitiveness and to accelerate the change from labor-intensive to capital and technology-intensive products.

It is clear that the withdrawal of GSP treatment from the four Asian countries will not really alter the U.S. trade deficits with them but will cause the price of some imports to rise, which will pose no threat to U.S. products, to the effect of raising the prices of parts catering to the U.S. manufacturing industry.

The root cause of the huge volume of U.S. trade deficits and the lowering of its competitiveness lies in the United States itself. The United States cannot resolve its problems by simply relying on trade protectionist measures. A universal concern is what other measures the United States will take. The rise of U.S. trade protectionism will inevitably cast a shadow on the world economy and trade.

Huang Hua Meets Canadian Delegation
OW220922 Beijing XINHUA in English 0841 GMT
22 Feb 88

[Text] Beijing, February 22 (XINHUA)—Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met here today with a delegation from Winnipeg City, Canada, led by Mayor William Norrie.

The delegation arrived here February 19 at the invitation of Mayor Hu Maozhou of Chengdu City, capital of Sichuan Province. The visitors are leaving for Chengdu tomorrow to sign an agreement on establishing friendship ties between Chengdu and Winnipeg.

Soviet Union

Conference Promotes Soviet Scientific Ties
HK220231 Hong Kong SOUTH CHINA MORNING
POST in English 22 Feb 88 pp 1, 2

[By David Chen]

[Text] In what is seen as another step towards closer Sino-Soviet ties, China is to host a major international conference between the two countries on the exchange of scientific and technological knowledge.

The Soviet Union is to send senior Government officials and scientists to the conference to be held in Beijing in November.

In the past China has hosted only small-scale conferences for socialist countries while concentrating major efforts on international seminars with Western nations.

Analysts generally regard the November meeting as heralding closer Sino-Soviet ties, a process that began with the Tashkent speech by the then Russian leader, Mr Leonid Brezhnev, in the early 1980s.

The international conference will be the biggest since Beijing and Moscow resumed their scientific co-operation in a series of deals since Russian leader Mikhail Gorbachev assumed power.

About 200 leading Russian scientists are expected to take part. Participants from the two countries are expected to discuss some of the most advanced accomplishments in astrophysics, astronautics, and other sciences.

Observers believe that discussions of such subjects could not be divorced from the concept of military applications.

Beijing will be taken to learn details of the latest Russian military thinking and possibly technology. Many existing Chinese armouries are still modelled on Russian equipment.

It will be the largest scientific and technology exhibition between the two socialist countries since they broke away in 1960.

The Chinese delegation will be led by the minister in charge of the State Scientific and Technological Commission, Mr Song Jian. The Russian side may be led by its Russian counterpart, Mr G.I. Marchuk.

Meanwhile, in a further sign of China's growing ties with the Soviet bloc, Mr Song will pay a 10-day visit to Eastern European countries, including Romania, Yugoslavia, and Bulgaria a month after the seventh National People's Congress takes place next month.

Several science accords of mutual co-operation are expected to be signed during his trip.

The thaw in Sino-Soviet relations has helped the smaller Eastern Bloc countries which have striven to rid themselves of Russian influence over co-operation with China.

The Hungarian leader, Mr Janos Kadar, made his first visit to Beijing in 30 years in October to a warm reception by China's top leader, Mr Deng Xiaoping.

Mr Zhao Ziyang, in his dual post as party acting general-secretary and Prime Minister, visited Poland, East Germany, Czechoslovakia, Hungary, and Bulgaria in June.

The closer Sino-socialist contacts are also because of recent strained relations with the West, notably with Japan and the United States.

And with instability once again in evidence in Taiwan, China is wary of any outside influence that may affect Beijing's wish of reunification by the end of century.

Undoubtedly, relations between China and the Soviet bloc are improving, although Chinese officials have continued the ritual of insisting on the removal of three obstacles before any talks of normalisation between Moscow and Beijing could be meaningful.

Mr Gorbachev has appeared to have in some part acquiesced to China's wish of having some Russian troops withdrawn from its border with China and from Mongolia.

Moscow has also pledged to begin withdrawing troops from Afghanistan by mid-May while Vietnam has also been talking about pulling troops out of Kampuchea.

Northeast Asia

Japan's Takeshita To Visit in August
OW191200 Beijing XINHUA in English 0359 GMT
19 Feb 88

[Text] Tokyo, February 19 (XINHUA)—Japanese Prime Minister Noboru Takeshita will visit China August 25-31, his first visit to China since he assumed office last November, Foreign Minister Sosuke Uno said here today.

According to the KYODO News Service, Uno said that the Foreign Ministry is negotiating with Chinese officials to fix the final itinerary of Takeshita's trip.

During his stay in Beijing, Takeshita is expected to meet with Chinese leader Deng Xiaoping and Chinese Communist Party General Secretary Zhao Ziyang, Foreign Ministry officials said.

Southeast Asia & Pacific

Spokesman Refutes Vietnamese Charges
OW221148 Beijing XINHUA in English 1128 GMT
22 Feb 88

[Text] Beijing, February 22 (XINHUA)—The Chinese Foreign Ministry spokesman issued a statement here today, refuting Vietnam's charges against Chinese naval vessels' normal survey and patrol around the Nansha Islands.

The full text of the statement follows:

On February 20, the spokesman of the Vietnamese Foreign Ministry issued a statement, making brazen charges against China for sending naval vessels to the Nansha Islands and their adjacent waters to carry out such normal activities as survey, study and patrol. He demanded that China withdraw its naval vessels, declaring that China "would have to accept full responsibility for any consequences stemming" therefrom.

The Nansha Islands, like the Xisha, Dongsha and Zhongsha Islands, have always been Chinese territory, and China has indisputable sovereignty over these islands and their adjacent waters. This just position of the Chinese Government is known to all. It is entirely within China's sovereignty for the Chinese side to send naval vessels and ships to some islands of the Nansha Islands and their adjacent waters for survey, study and routine patrol, in which the Vietnamese authorities have no right to interfere. It should be pointed out that it is the Vietnamese authorities that have illegally invaded and occupied some islands and atolls of China's Nansha Islands. The Vietnamese side must withdraw from these islands and atolls. If the Vietnamese side obstructs China's legitimate activities in the above-mentioned areas in disregard of the Chinese Government's consistent position, it must take full responsibility for all the consequences arising therefrom.

Thai-Laotian Conflict Solution Reviewed
HK200414 Beijing RENMIN RIBAO OVERSEAS EDITION
in Chinese 20 Feb 88 p 6

["Roundup" by correspondent Liu Aicheng (0491 1947 2052): "The First Step in Resolving the Border Conflict Between Thailand and Laos"]

[Text] Bangkok, 18 Feb—After 3 months of continual escalation of the border conflict between Thailand and Laos, military delegations from the two countries held busy consultations on 16 and 17 February at the Air Force Command Headquarters of Bangkok's military airfield. A cease-fire agreement was finally signed to resolve their border dispute. The agreement requires that, within 48 hours after the cease-fire, the units of the two sides withdraw 3 km from the line they currently occupy. It also requires a military coordinating commission be set up to inspect and

verify the cease-fire and withdrawal. At the same time, units of both sides are ordered to avoid armed clashes, acting in the spirit of mutual concession. Thus the first step has been taken in resolving this border dispute.

Since last November, armed clashes have broken out between Thai and Laotian forces in a disputed area of about 80 square km between two rivers at the point where Thailand's Pitsanulok Province and Laos' Sayaboury Province meet. Citing as evidence French, American, and Thai maps, the Thai side points out that the boundary between the two countries is marked by the Hoeng Nga River, and that the area in dispute is Thai territory; the entry of Laotian forces into this area constitutes "intrusion into Thai territory," and they must be totally withdrawn. Laos for its part insists that the boundary is marked by the Hoeng Parman River and has proclaimed that Laos enjoys sovereignty over the area in question; Laotian forces hold fast to their position and are unwilling to withdraw. Both these rivers are tributaries of the Mekong. Since each side has stuck to its position, the border conflict has gradually expanded, and the battle has gone on for 3 months.

Apart from suffering increasing military casualties, the economic losses of both sides have also increased continually. The foreign ministries of both countries have reported the conflict to the UN. UN Secretary General de Cuellar has cabled the leaders of both countries calling on them to resolve the dispute through peaceful negotiations. To find a way to resolve the conflict, the prime ministers of the two countries exchanged letters on 11 and 12 February, agreeing that military delegations should first be dispatched to hold consultations.

Both the military delegations are highly satisfied with the results of these talks. After signing the cease-fire agreement, Sisavat, leader of the Laotian delegation, told journalists, "we have agreed that the Thai-Laotian border should become a zone of peace. Thus, the peoples of Thailand and Laos will not have to shed blood again." He added that "friendly ties between Thailand and Laos are as long as the Mekong, and will not be broken." Chavalit, head of the Thai delegation, said that "Thailand and Laos will not resort to the use of force again to resolve border disputes. In the future, there will only be peace in the border area. In this way the two countries can concentrate on economic development. From now on, the Mekong will be a river of friendship as well as peace."

People of all sectors here attach very great importance to the talks between the two military delegations. The press here gave headline treatment to this news today, using eye-catching headlines. The Thai-Laotian cease-fire agreement is a start to resolving the two countries' border dispute, and people hope that the border conflict between them will finally be settled in a satisfactory way.

Li Peng Meets Outgoing Australian Envoy
OW221116 Beijing XINHUA in English 1111 GMT
22 Feb 88

[Text] Beijing, February 22 (XINHUA)—Chinese Acting Premier Li Peng met here today with outgoing

Australian Ambassador to China Ross Garnaut, who will leave Beijing for home shortly.

Sihanouk Sends Son Message on Cambodian Problem
OW201804 Beijing XINHUA in English 1613 GMT
20 Feb 88

[Text] Beijing, February 20 (XINHUA)—Samdech Norodom Sihanouk said in a message today that the Kampuchean people are the only master to decide on the destiny of their own country.

Nobody else, he said, has the right to decide on the name of the country and its political, social, cultural and economic systems and on the Kampuchean people's head of state and government through free elections.

Sihanouk made these remarks in a message to his son, Prince Norodom Rannarit-Funcinpec now in Bangkok. XINHUA obtained the text of the message from Sihanouk's secretariat here today.

Sihanouk expected that his son would convey the content of the message to the Kampuchean people.

He asked the Kampuchean people he missed so much to believe that he is doing his best to find a reasonable and just way to settle the Kampuchean issue.

"The Kampuchean issue is by no means an internal issue, but an international one," he added.

Speaking on the difficulty to settle the issue, Sihanouk said firstly because that Vietnam refuses to withdraw its troops from Kampuchea and to resume the Kampuchea's independence and its people's rights for self-determination.

Secondly, he said, it is because Hun Sen and the Phnom Penh regime refuse his proposals on the settlement of the Kampuchean issue.

He said because the Phnom Penh regime refuses his proposals and Vietnam refuses to discuss the Kampuchean issue with him, he couldn't return to his motherland.

Sihanouk said he would commit himself to the sacred task of the continuous struggle for the country's national liberation until Vietnam and Hun Sen regime accept his proposals.

He said to the seven million Kampuchean people in the message: "I love you more than my own life. I eagerly look forward to meeting with you, embracing you and serving you directly."

"For the sake of our immediate interest and the interest of our motherland—Kampuchea," he said, "I will never fall into the trap of Vietnamese colonialists and their followers," he added.

Near East & South Asia

Pakistani Foreign Minister Begins Visit

Arrives in Beijing

OW211805 Beijing XINHUA in English 1635 GMT
21 Feb 88

[Text] Beijing, February 21 (XINHUA)—Zain Noorani, Pakistani minister of state for foreign affairs, arrived here this afternoon.

Chinese Vice-Minister of Foreign Affairs Liu Shuqing met Noorani at the airport and held talks with him afterwards. Noorani briefed Liu on the latest developments of the political settlement to the Afghan issue.

Pakistani Ambassador to China M. Akram Zaki attended the talks.

Talks With Wu Xueqian

OW221046 Beijing XINHUA in English 1030 GMT
22 Feb 88

[Text] Beijing, February 22 (XINHUA)—Chinese State Councillor and Foreign Minister Wu Xueqian and Pakistani Minister of State for Foreign Affairs Zain Noorani held talks here this morning.

Noorani briefed Wu on recent developments concerning a political settlement of the Afghan question. He said that Pakistan sincerely wishes for an early political settlement of the question and has made consistent efforts in this regard.

He emphasized that the Soviet Union must withdraw all its troops from Afghanistan. At the same time, conditions should be created for the graceful and safe return of the three million Afghan refugees to their homeland.

He maintained that without peace and stability in Afghanistan, Afghan refugees cannot feel safe in returning to their homeland and consequently more Afghan refugees may enter Pakistan.

He reiterated that Pakistan does not recognize the current regime in Kabul. While discussing arrangement for the withdrawal of Soviet troops from Afghanistan, the parties concerned should give serious consideration to the formation of a provisional government in Afghanistan.

Chinese Foreign Minister Wu Xueqian maintained that the complete withdrawal of Soviet troops constitutes the key to a political settlement of the Afghan question and that the Soviet Union must take real actions now.

He praised the Pakistani Government and people for supporting the just struggle of the Afghan people over the years.

He reaffirmed China's consistent stand of supporting the just struggle of the Afghan people.

He said that the several million Afghan refugees are an outcome of external aggression and that their safe return to homeland constitutes an important part of the just and reasonable settlement of the Afghan question. Pakistan's proposal for creating conditions for the return of Afghan refugees and forming a provisional Afghan government is quite reasonable. China fully understands and supports such a proposal, Wu added.

Wu hosted a luncheon for Noorani and his party after the talks.

Iraqi Foreign Minister Meets With Officials

Listens to Wu Xueqian

OW211530 Beijing XINHUA in English 1502 GMT
21 Feb 88

[Text] Beijing, February 21 (XINHUA)—Chinese State Councillor and Foreign Minister Wu Xueqian said here today that the 598 Resolution of the U.N. Security Council is a good foundation for a just and reasonable settlement to the Iran-Iraq War.

All parties concerned should work in cooperation with the Council and UN secretary-general so as to implement the resolution at an earlier date, he said.

Wu made the statement at a banquet he hosted for the visiting Tariq 'Aziz, deputy prime minister and foreign minister of Iraq.

Wu said that from the beginning China has taken the stand of neutrality and reconciliation on the Iran-Iraq War and has made unremitting efforts in putting an earlier end to the war and in maintaining security and stability in the Gulf region.

On the Middle East issue, he said that the Chinese Government and people strongly condemn the crimes of the Israeli authorities to suppress the Palestinian people and resolutely support the just struggle of the Arab and Palestinian people for recovering their lost territories and resuming their national rights.

He stressed that the Chinese Government supports the convocation of an international conference of the Middle East issue presided over by the United Nations and attended by parties concerned including the Palestinian Liberation Organization (PLO), a conference aimed at settling the issue in a just and reasonable way.

'Aziz said that Iraq attaches great importance to and is eager to consolidate and develop its relations with China because this would benefit both countries and peoples.

Speaking on the Iran-Iraq War, 'Aziz said that Iraq appreciates China's efforts for the realization of peace between Iraq and Iran and its support to the 598 Resolution which is a foundation for a peaceful settlement to the disputes.

On the Middle East issue, he said that his country thinks highly of the support of the peace-loving people, the Chinese people in particular, to the just struggle of the Palestinian people.

"The time has come to convene an international conference on the Middle East issue presided over by the UN Security Council and attended by the parties concerned including the PLO, the sole legitimate representative of the Palestinian people, and bring about a just and long-term peace in this region," he said.

Prior to the banquet, Wu and 'Aziz held talks on issues of common concern and exchanged views over the Iran-Iraq War and the Middle East issue.

Wu said that China has always supported and cooperated with the mediating efforts of the UN secretary-general and taken all opportunities to reconcile the parties concerned, adding that China is now working with the UN Security Council in the follow-up actions.

"All ideas and proposals conducive to the implementation of the 598 Resolution, the ending up of the war and the restoration of peace and stability in the Gulf region will have the enthusiastic support from China," he said.

'Aziz and his party arrived here this afternoon.

Meets With Li Peng

OW221206 Beijing XINHUA Domestic Service
in Chinese 0811 GMT 22 Feb 88

[Text] Beijing, 22 Feb (XINHUA)—Acting Premier Li Peng meet with Tariq 'Aziz, deputy prime minister and foreign minister of Iraq, and his party at Zhongnanhai this morning. Li Peng said that China is now, with an earnest and serious attitude, joining the UN Security Council in discussing follow-up actions to implement UN Resolution No 598.

Li Peng emphatically pointed out that all ideas and proposals conducive to the implementation of Resolution 598, the ending of the war and the restoration of peace and stability in the Gulf region as soon as possible will have China's enthusiastic support.

Li Peng said: "We have always advocated that differences between Third World countries should be resolved through mutual understanding and accommodation and friendly consultation, and not resort to mutual consumption in war."

He said: The Chinese Government is very much concerned about the 7-year-odd Iran-Iraq war, the situation in the Gulf and the security of international shipping routes. It hopes that Iran and Iraq will implement as soon as possible the Security Council's Resolution No 598, end their war, and make peace.

Li Peng expressed his appreciation for Iraq's stand on accepting the Resolution 598 for a peaceful settlement of the Iran-Iraq dispute.

'Aziz said: Iraq highly appreciates the time-honored good relations between Iraq and China in various fields and the efforts made by China for ending the Iran-Iraq war. Iraq particularly appreciates China's efforts to participate in working out and adopting UN Security Council Resolution No 598.

Speaking of bilateral relations, Li Peng expressed his satisfaction over the constantly consolidating and developing friendly relations and cooperation between the two countries. He said that the Chinese Government very much treasures its friendly relations and cooperation with Iraq. He also said it is the Chinese Government's established policy to continue developing such relations.

'Aziz conveyed Iraqi President Saddam Husayn's verbal message to Chinese leaders and his regards to Acting Premier Li Peng and other Chinese leaders.

Li Peng asked 'Aziz to convey his regards and also from other Chinese leaders to President Saddam and other Iraqi leaders.

The meeting proceeded in a friendly and frank atmosphere. Both sides held that the meeting has promoted mutual understanding.

'Aziz and his party are scheduled to leave here for home tonight.

Reformists Present Streamers to Deng, Zhao
HK220149 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 22 Feb 88 p 1

[Dispatch by reporter Zhang Xiaobin (1738 2556 1755):
"100 Talented People in Economic Reforms Present
Streamers to Deng Xiaoping and Zhao Ziyang"]

[Text] Beijing, 20 Feb (XINHUA)—In Beijing this morning, nearly 100 winners of the country's first "prize for talented people in economic reforms" presented a streamer inscribed "The General Architect of Reform" to Comrade Deng Xiaoping and a streamer inscribed "Glory of Talented People" to Comrade Zhao Ziyang. They also wrote a joint letter to Comrades Deng Xiaoping and Zhao Ziyang, extending New Year's greetings to them. They unanimously held that the tremendous achievements scored in the reforms today could not have been possible without these two.

The winners of the country's first "prize for talented people in economic reforms" were jointly assessed and selected by the China Talent Resources Development Fund, the Economic Department of the Central Television Station, the news center of the Central People's Broadcasting Station, the magazine ZHONGGUO QIYEJIA [CHINESE ENTREPRENEUR], the JINGJI CANKAO [ECONOMIC REFERENCE] and HUANQIU [GLOBE] offices of XINHUA, and the Chinese Scientific Management Association. The prize winners celebrated the Spring Festival in Beijing and also discussed their reform experiences.

The prize-giving ceremony was held in the China Song and Dance Theater in the evening. Actors of the "Spring of Talent" soiree, who won the Sunlight Cup, performed for the prize winners. Present at the function were NPC Standing Committee Vice Chairman Liao Hansheng; He Kang, minister of agriculture, animal husbandry, and fisheries; and leading comrades of departments concerned.

Zhao Ziyang Spends Festival 'Away From Beijing'
HK200036 Hong Kong TA KUNG PAO in Chinese
20 Feb 88 p 2

[Report: "Zhao Ziyang Inspects Coastal Regions, Spends Spring Festival Away from Beijing"]

[Text] According to reports from Beijing, CPC Central Committee General Secretary Zhao Ziyang left Beijing before the Spring Festival to inspect coastal regions, and spent the festival away from Beijing.

In his speech at the Spring Festival gathering, Li Peng, member of the CPC Central Committee Political Bureau Standing Committee and Acting Premier of the State Council, called for "implementing the economic development strategy for the coastal regions proposed by Comrade Ziyang."

Zhao in Zhuhai, Shenzhen
HK210154 Hong Kong WEN WEI PO in Chinese
21 Feb 88 p 1

["Special Dispatch from Zhuhai by our correspondent":
"Zhao Ziyang Spends Spring Festival Inspecting Zhuhai"]

[Text] CPC Central Committee General Secretary Zhao Ziyang, State Council Vice Premier Tian Jiyun, and Wang Zhen, Yang Shangkun, and Zhu Xuefan inspected Zhuhai during the Spring Festival. Zhao Ziyang and his family stayed in Hong Kong investor Wu Chao-sheng's villa in the Zhuhai holiday village. He spent 3 days there and asked about investment conditions.

According to our information, during his inspection of Zhuhai, Zhao Ziyang made a special trip to Guishan Island and had a cordial chat with fishermen there, inquiring about their daily life. Zhao Ziyang said: We should further open up the policy regarding the islands.

Accompanied by Guangdong Provincial Governor Ye Xuanping and Zhuhai Mayor Liang Guangda, Zhao Ziyang also visited the golf course at the Zhenzhu amusement park and played a round of golf. Zhao Ziyang and his party also inspected the Baitenghu peasant holiday village.

State Council Vice Premier Tian Jiyun spent an energetic 3 hours at the bowling rink in the Zhuhai holiday village, after which he wrote for the rink the inscription "Actively Develop Bowling."

Zhao Ziyang and his party arrived in Zhuhai on 15 February.

According to a further report, Zhao Ziyang and his party inspected Shenzhen on the 2d day of the Spring Festival. He heard reports delivered by Shenzhen City leaders on developments in the special zone in recent years and looked into and made arrangements for the zone's development strategy.

At the end of last year, the central authorities gave approval for Guangdong to institute "advanced reforms" [chao qian gai ge 6389 0467 2395 7245] and to provide still more favorable treatment and conditions for foreign businessmen. The Shenzhen and Zhuhai special zones are thus facing the question of how to maintain their attraction and competitiveness as Guangdong Province institutes its "advanced reforms."

According to reports, the Shenzhen side proposed a set of development plans to Zhao Ziyang in the hope that Shenzhen could practice an even more open policy than Guangdong's "lead reforms." These plans include designating Shenzhen as being under the direct control of the State Council. If Shenzhen can change its present situation of being subordinate to Guangdong Province, it will

have still greater flexibility in handling problems. This plan for the Shenzhen special zone was earlier proposed to acting Premier Li Peng when he inspected the zone.

According to informed sources, following Zhao Ziyang's Spring Festival trip to the south, the central authorities will formulate still more open policies in light of the reports from the special zones, and a new situation will appear in structural reform in these zones.

Visit Termed 'Significant'

HK210232 Hong Kong TA KUNG PAO in Chinese
21 Feb 88 p 1

["Special Dispatch": "Zhao Ziyang Visits Zhuhai and Shenzhen"]

[Excerpts] According to a report from Shenzhen, CPC Central Committee General Secretary Zhao Ziyang inspected the Zhuhai and Shenzhen special zones around the time of the Spring Festival and left Shenzhen yesterday. [passage omitted]

This southward trip of Zhao Ziyang to inspect the special zones is viewed as highly significant for the future development of the zones. Not long after 1 January, Zhao Ziyang conducted an investigation of the Zhu Jiang and Chang Jiang deltas and the coastal regions in Fujian. His investigation covered a great distance. He pointed out during the investigation that Fujian and Guangdong are both experimental areas in carrying out lead reforms; the Xiamen and Shenzhen special zones should practice still more open policies and possess still greater attraction. He proposed that the Shenzhen and Xiamen special zones be listed separately in the plans; the central authorities should allocate them a slice of the various central plans, and the special zone governments should be responsible for how to handle these slices. Observers believe that Zhao Ziyang's Spring Festival visit to the Shenzhen and Zhuhai special zones may stimulate the zones to "jump out of the existing setup" and practice policies even more open than those of Guangdong Province.

Zhao in Guangzhou Economic Zone

HK220024 Hong Kong WEN WEI PO in Chinese
22 Feb 88 p 1

[Text] According to a report from Guangzhou, CPC Central Committee General Secretary Zhao Ziyang inspected the Guangzhou economic and technological development zone on the afternoon of 21 February and also heard a report delivered by Miao Enlu [4924 1869 43/9], director of the zone. Zhao Ziyang arrived in Guangzhou from Shenzhen yesterday morning. Judging by his usual practice, he may meet the leaders of Guangdong Province and Guangzhou City today.

Xizang Invites Journalist to Lhasa Festival
HK220710 Hong Kong AFP in English 0648 GMT
22 Feb 88

[By Pierre-Antoine Donnet]

[Text] Beijing, Feb 22 (AFP)—China has decided to allow a small number of foreign journalists to visit Lhasa after having virtually closed Tibet to foreigners since pro-independence protests there in October.

The Tibet regional government has contacted a few journalists here by telephone to tell them they will be allowed to go to Lhasa for a Tibetan New Year religious festival due to begin Wednesday and end March 6.

Those going form only a small minority of the some 160 foreign correspondents here who have applied regularly and unsuccessfully in the past four months for permission to travel to the autonomous region.

China virtually closed Tibet to foreigners on October 14 after three pro-independence demonstrations rocked Lhasa between September 27 and October 6 in the most violent anti-Chinese incidents since an uprising in 1959.

One of the protests, on October 1, degenerated into a riot with some 2,000 Tibetans, including many monks, burning down a police post and Chinese police opening fire on the crowd. Six people died according to official count and at least 13 according to various other reports.

No reason has been given for the choice of journalists allowed to go to Lhasa, where they will witness one of the most impressive festivals in Tibetan Buddhism, celebrating Moinlam Qenmo or Tibetan New Year.

The festival, organized annually since 1409, was banned by the Chinese in 1966, at the beginning of the 10-year Cultural Revolution which attacked religious activity in China and left most of Tibet's monasteries in ruins.

The ban lasted until last year, when more than 1,000 monks and 100,000 faithful from across Tibet gathered in Lhasa for 10 days, according to figures published by the official NEW CHINA News Agency.

Local authorities are said to have been worried that they would not be able to allow the festival to go ahead this year, concerned that the event could lead to new anti-Chinese incidents.

The Buddhist Association of China recently called for calm, in a letter published by the official press, saying that last year's incidents were "still causing concern as to whether the festival could be carried out smoothly."

Observers said the fact that China has decided to allow foreign journalists on the scene probably meant that it had done all it could to prevent any pro-independence protest during the festival.

The move could be an attempt by Beijing, whose image abroad was severely tarnished by allegations of police repression during the protests, to show Tibet is now peaceful enough for such a festival to be held, they added.

The U.S. State Department in an annual report on human rights worldwide issued earlier this month hit out at China's role in Tibet and condemned its repression of political and religious demonstrations there in September and October.

Beijing has always asserted that Tibet remains open, but since October 14 it has effectively been closed to individual travellers and foreign journalists.

A handful of travellers have managed to go there by road, and two West German journalists had a brief stay in Lhasa a few weeks ago.

Tibet was closed to the outside world for almost 30 years after Chinese troops invaded in 1950. Beijing now wants to attract tourists to the region to increase foreign exchange revenue.

Official Comments on Law To Govern Journalists
HK200315 Hong Kong HONGKONG STANDARD
in English 20 Feb 88 p 5

[Text] China is rushing through legislation on the conduct of journalists that will precede general laws covering the press and be ready in about six months.

Mr Du Daozheng, director general of the Press and Publication Administration, told THE STANDARD there was some urgency because the rights of journalists to report and to criticise "have not been respected".

But Mr Du stressed the law being drafted would also seek to ensure journalists did not abuse their privileges.

Mr Du's administration is China's first watchdog over the press. It was established early last year and has the status of a ministry under the State Council.

"Both types of abuse exist. Some journalists have made criticisms in accordance with rules and regulations. But they have not been given due respect.

"Others have made incorrect reports causing harm, intentionally or otherwise, to others. These people should be punished. Sometimes the consequences have been rather serious," Mr Du said.

At the moment there are no state laws to cover the professional conduct of journalists. However, the Communist Party has a code of conduct for them. Some municipalities and provinces have regulations to cover the press and newsmen.

But Mr Du said it was better that these regulations be put under central control.

Mr Du assured that such laws would not be extended to the Hong Kong Special Administration Region after 1997.

"Hong Kong will have its own arrangements as it will be practising the one-country-two-systems policy. I think the regulations will not be the same," Mr Du said.

Regulations to cover the conduct of journalists will be different from the press law.

"The press law is the mother law. I don't think that it will be ready within too short a time. But before it is drafted, there should be some regulations for journalists in the country," Mr Du said.

The drafting of regulations to cover journalists' conduct is being done by the administration's research institute and the newspaper bureau.

Mr Huang Qianghua, a deputy director general of the administration who is in charge of the drafting of the press law, is also overseeing the team on provisional regulations for Chinese journalists.

"The operations have to be regulated by laws. It is not good to be managed by man alone," Mr Du said.

Meanwhile, the press law is now being drafted by a team of 14 from nine different party and government departments.

A draft of this press law will be circulated to specialist and professional groups for discussion before it is promulgated.

Li Peng Assumes State Commission Position
HK210354 Hong Kong SOUTH CHINA MORNING
POST in English 21 Feb 88 p 4

[Li Peng Takes Super-Ministry Under Control" by David Chen]

[Excerpt] The acting Prime Minister of China, Mr Li Peng, has taken over the State Commission for the Restructuring of Economic System from one of his subordinates, Mr Li Tieying, according to Beijing reports.

The appointment has been viewed by analysts as again reflecting the rising influence of the more conservative elements and consolidation of reformist policies.

The State Commission for the Restructuring of Economic System is one of the major superministries, created during the tenure of Mr Zhao Ziyang as Prime Minister.

Headed by Mr Zhao himself, its functions, as its name implies, were to revamp the country's rigid economic system with many of the reformist concepts.

It was also argued that for the Prime Minister to assume the leadership of the commission would go a long way towards coordinating the reform policies.

Mr Li Tieying, then Minister of Electronics Industry, took over the commission in April last year.

This followed Mr Zhao, still the Prime Minister, taking over his other position as party acting General Secretary after the resignation three months earlier of Mr Hu Yaobang.

That Mr Li Tieying was assigned to this under-ministry was no coincidence. The son of a revolutionary, the late Mr Li Weiham, Mr Li had distinguished himself in many of the posts he had held and was also on the forefront of the reformist camp. In October, he was elected a member of the Politburo.

When Mr Li Peng was appointed acting Prime Minister at the age of 58, analysts said it was only natural that he should also take over the commission.

This would ensure continued smooth co-ordination of work between the Prime Minister's office and the organisation. In return, Mr Li Peng has handed over to Mr Li Tieying his other concurrent post in the State Council, that of minister of charge of the State Education Commission.

The change indicates the growing stature of Mr Li Peng, who is now certain to be confirmed as Prime Minister at next month's National People's Congress. [passage omitted].

Bainqen on Shooting, Deaths in Lhasa Riots
HK210604 Beijing ZHONGGUO XINWEN SHE
in Chinese 1317 GMT 19 Feb 88

[Text] Lhasa, 19 Feb (ZHONGGUO XINWEN SHE)—Bainqen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee, recently confirmed the fact that some public security officers fired shots during the riots that took place in Lhasa on 1 October last year.

When a small number of lamas were holding a demonstration on 1 October last year, Bainqen said, the public security officers on duty led them to a nearby police station to persuade them. Some people requested that the lamas be released and started quarreling with armed policemen. Later they burned vehicles and houses. At that time both the central and local departments concerned repeatedly ordered the public security departments not to open fire. I checked the recording. It is true that there were such orders, and the armed policemen strictly obeyed them. When the lives of the public security officers and lamas were threatened when they were trapped inside the police station building when it caught fire and was close to collapsing, however, some public security officers fired shots upward and downward as a warning. One person was shot directly, another was killed by a ricocheting bullet, and a third was killed by a bullet discharged accidentally. Of the other three who died in the riots, two were stoned to death by stones, and the third fell from a building.

Bainqen believed that the Lhasa riots were stirred up by a handful of splittists. Some people who were not aware of the truth also took part in the demonstrations. These riots were disadvantageous to the interests of the state and to the fundamental interests of the Xizang people, therefore, the people hate these riots. The effective measures adopted by both the central and local governments to put down the riots within a short period have popular support.

Bainqen attributed the Lhasa riots to the following: First, the riots were plotted and stirred up by a handful of splittists at home and abroad; and second, although tremendous development and changes have taken place in Xizang since the 3d Plenary Session of the 11th CPC Central Committee, there are still some faults and mistakes in specific work that have caused the masses to complain. This gave the handful of splittists the opportunity to stir up trouble.

Bainqen made these remarks in an interview given to (Ditmar Shultz), reporter from FRG No 2 television station in Beijing, on 24 January this year, from his residence in Lhasa.

Cadres Asking For Official Posts Criticized
HK220707 Beijing RENMIN RIBAO in Chinese
12 Feb 88 p 4

["Party Life" column article by Zhu Yan (2612 1484): "Those Who Seek Official Posts Should Not Be Assigned to Important Positions"]

[Text] While criticizing the unhealthy tendency of seeking official position of some leading cadres not long ago, Li Guixian, secretary of Anhui provincial party committee, said: "For the sake of getting a promotion and maintaining their position, some leading comrades, a small number of senior level cadres in particular, have kept bothering us. Some even had the cheek to ask for official posts. We simply cannot assign the people who shamelessly ask for official posts to important positions." Well said. With a clear-cut stand, we should warn and admonish those who ask for official posts.

Under new historical conditions, our party members, leading cadres in particular, should stand the tests of a ruling party, reform, and opening up and take a correct attitude towards fame, position, and power. Regarding the question of remaining in office or withdrawing to the second line, the cadres at all levels should consciously and unconditionally submit themselves to arrangements made by the party and selection by the masses. They should not forsake party principle and do foolish things encroaching upon the people's interests for the sake of their selfish benefits. There are some young as well as old cadres within our ranks who have fostered the bad habit of asking for official posts. Their practices are manifested in many ways: With evident intentions, some speak in equivocal terms; some openly, shamelessly scramble for position; and some rack their brains and do

things through pull. These problems are outstanding particularly in the course of the readjustment of leading bodies and during the elections. Some departments and units have gone so far as to tolerate these practices. To this end, party organizations at all levels, the responsible comrades in particular, should conduct careful study and adopt measures to curb these practices.

Some comrades say that it is difficult to draw a clear line of demarcation between encouraging competition and combating the practice of asking for official posts. In fact, it is quite easy to differentiate between self recommendation and asking for official posts. Generally speaking, we should support and encourage the enterprising spirit of entering competition based on equal conditions, such as those recommending themselves for enterprise operators in light of the conditions and procedures prescribed in the enterprise contract system. Conversely, we should criticize and combat the practices of asking for official posts, such as those unscrupulously asking the higher levels to make unprincipled personnel arrangement, regardless of their conditions and practical achievements. Those who ask for official posts should not be assigned to important positions. We should stick to this principle while selecting and appointing cadres.

The problem has become serious not only because some comrades have violated party principles and shamelessly asked for official posts, but also because some party organizations and leading comrades, without making a clear distinction between right and wrong, have forsaken principles, secretly made promises and openly interceded for those who asked for official posts. Some leading comrades even accommodated these people and offered whatever they asked for. While criticizing and educating those who ask for official posts, it is necessary to sternly warn those who practice favoritism, offer official posts, and make lavish promises so that they can understand the harm of these practices and correct them. To oppose practicing favoritism for those who ask for official posts does not mean that we are against individuals, who have both political integrity and ability, recommending themselves. So long as they recommend able people or themselves according to party principle, they will win support of the party and the people.

Apart from the superficial criticism and measures adopted, an essential reason for our failure to check the unhealthy tendency of asking for official posts over the years is that we have not done enough to correct party style through reform and institutional building. It is an essential reform to solve the question of party style. On the basis of conducting investigations and studies and making scientific analyses, only by adopting effective reform measures, plugging up the loopholes in the systems, and gradually eliminating the hotbed and soil that encourage the unhealthy tendency within the party and society can we thoroughly eradicate the unhealthy tendency of every description. To effectively prevent and resist the unhealthy tendency of asking for official posts, we should make earnest efforts to carry out reform and perfect the organizational and personnel system,

pay close attention to assessment and appointment of cadres, stress practical achievements and encourage competition in light of the characteristics of the cadres working in different fields, and fully embody the principle of open and democratic supervision so that organizational and personnel work will gradually embark on a scientific and legal track.

Discipline Official on Curbing Unhealthy Trends
HK220317 Beijing WEN ZHAI BAO in Chinese
No 493, 7 Feb 88 p 1

[Article summarized by Mu Yu (2606 7625) from 28 January issue of "ZUZHJ RENSHI XINXI BAO" (Organization and Personnel Information Journal): "Central Discipline Inspection Commission Deputy Secretary Chen Zuolin Talks on Why the Commission Has Not Issued a Unified Call for Curbing Unhealthy Trends"]

[Text] Interviewed recently by a reporter of the Zhejiang magazine "GONGCHANDANGYUAN" [Communist Party Member], Central Discipline Inspection Commission Deputy Secretary Chen Zuolin said that in light of previous experience and in consideration of current realities, at present the central authorities have not issued a unified call for the arrest of a number of unhealthy trends. As everyone knows, China is a vast place, and the work of reform and opening up is developing unevenly in the different areas, with some starting early and others late, and some places having made much progress and others not much. The problems reflected in the party are universal and common and are also special. If, as in the past, we were to issue an order calling on everyone to arrest the same unhealthy trends and concentrate efforts on doing the same things, it is very likely that regional and sectoral unhealthy trends could not be promptly curbed and corrected. All localities and units must display a positive and active spirit and succeed in promptly resolving whatever problems emerge in the course of deepening the reforms and promoting opening up; whatever kind of problem it is, it is necessary to resolve it in a truth-seeking way. People should no longer passively await for orders from higher authority. If the central authorities' call for "me to tackle it" is changed into "I will tackle it," I believe that the work of correcting unhealthy trends in the various localities will be done in a sounder way and produce better results.

Wang Meng Speaks on Guangdong's Cultural Life
HK191440 Guangzhou YANGCHENG WANBAO
in Chinese 7 Feb 88 p 1

[Report by Huang Zhaocun (3769 0340 1317): "Take Advantage of Guangdong's Strong Points in Reform and Opening Up To Create Cultural Works That Are High-Grade, Refined, and Advanced—a Talk With Wang Meng Yesterday"]

[Text] Culture Minister Wang Meng answered questions by this paper's reporter on issues concerning Guangdong's cultural undertakings.

Reporter: Minister Wang, you came down south to Guangdong on 25 January. You have since made a 13-day nonstop inspection tour of Guangzhou, Longzhou, Huizhou, and Shenzhen and taken part in cultural activities sponsored by the Guangdong Writers' Association and Artists' Association. Would you please say something about the situation of Guangdong's culture?

Wang Meng: Fine. I have seen something here and there during my current trip to Guangdong. The picture I've gotten is far from in-depth and all-round. However, I am struck by Guangdong's opening, liveliness, and development in its cultural life and social life, in all its freshening atmosphere. Especially, the building of its cultural establishments, the initiation in the ways of social cultural activities, and the services rendered by cultural departments are pleasing scenes of prosperity. This also shows that the party committees and government departments of various localities in Guangdong are opening without neglecting guidance regarding their cultural undertakings. Of course, long-term efforts are involved before high-grade, refined, and advanced results will eventually emerge.

Reporter: As a comprehensive experimental region for reform and opening up for the whole country, how are Guangdong's cultural circles to conduct reform in depth and to accelerate opening up?

Wang Meng: To conduct in-depth reform means to push forward the development of all items of cultural undertakings centering on reform. It is necessary to do a good job in invigorating cultural work. At present, the Ministry of Culture is exerting all-out efforts to draw up plans for cultural reform, especially reformative plans for art institutions and ensembles. We hope that Guangdong will continue to sum up experiences while showing the dashing spirit in exploration, as Guangdong is the country's vanguard in reform and opening to the world. For example, the first Guangdong folk arts festival, which concluded not long ago, was a good effort, in which cultural activities were sponsored by joint management with enterprises and relying on social strength.

The principle of selection and guidance must be adhered to in accelerating opening to the world in the cultural field. Otherwise, opening will stop at the superficial level. Under such circumstances, one may believe opening to the world is implemented, but no genuine quintessence of foreign cultures has actually been absorbed. To do a better job in selection, it is necessary to open to the hinterland as well as to the world. Opening to the world refers to the need to absorb fine cultural nutrients from Hong Kong, Macao, and the world, and opening to the hinterland refers to absorbing the quintessence of our national culture. Guangdong possesses such favorable conditions. It is necessary for Guangdong to make full use of its advantages in geographical position and commodity economy; to change the process of opening to the world into one of selection, absorption, and digestion; and to produce high-quality things of its own.

Reporter: During your tour of Guangdong, you have visited some coffee shops with musical entertainment, ballrooms, and movie houses and wrote the inscription "Render cultural services in diversified operations for the amusement and satisfaction of one and all" for an entertainment center. You have warmly praised the diversified operations of cultural departments and the multi-layer structure of recreational activities shaped in society. Popular music and literature have developed at a rather quick pace, with many zealous listeners and readers in Guangdong in recent years. How should we assess such phenomena?

Wang Meng: All these items of recreational activities and entertainment largely fall into the category of pop culture. Their development is owed first to the stability of the political situation, hence, a greater demand for cultural appreciation in various grades and the desire for things highly entertaining; second, to the fact that such pop culture was long shackled in the past—its popularity has grown immense, once released; third, to the not very high level of appreciation of the general readers and audience; and fourth, to foreign effects, especially cultural effects from Hong Kong and Macao.

The craze for pop culture is not a bad thing; even the pounding of Hong Kong and Macao culture cannot be said to lack any positive meaning. They have enriched the tiers of cultural life, meeting the needs of some of the masses. However, such pounding will also bring problems. If these problems are not soberly resolved, they will lead to the abnormal development of pop culture, and even pound at serious culture, while bringing about the growth of unhealthy things.

We should not take a negative attitude toward pop literature. However, doing a good job of it involves our long-term efforts in cultural construction and improving the cultural qualities of the masses. At the same time, there are differences in pop music itself in quality and taste. We should promote its improvement. It is imperative to promote excellent culture and art in a big way. The state should support arts that are of little market value for the time being but that represent the quintessence of national and world culture. In short, our guideline should be banning the illegal, opposing the unhealthy, improving pop culture, and supporting excellent things in culture.

Works of Zhou Enlai To Be Published
OW201158 Beijing XINHUA in English 0827 GMT
20 Feb 88

[Text] Beijing, February 20 (XINHUA)—Two volumes of works by the late Premier Zhou Enlai and a collection of articles in memory of him will be on sale nationwide before March 5, the 90th anniversary of his birth, the "GUANGMING DAILY" said today.

One volume contains 300 personal letters written between April 1918 and July 1975. Most are published for the first time and 10 have been selected by Zhou's widow, Deng Yingchao.

The other volume contains 78 inscriptions and 38 letters demonstrating his calligraphy.

Sixty articles are included in a collection titled "Endless Remembrance" by revolutionary veterans such as Marshal Nie Rongzhen and Zhou's widow Deng Yingchao.

The book titles are inscribed by Chen Yun, chairman of the Chinese Communist Party Central Advisory Commission.

Chinese President Li Xiannian wrote the preface.

Former General Secretary Chen's Works Published
OW212034 Beijing XINHUA in English 1246 GMT
21 Feb 88

[Text] Hefei, February 21 (XINHUA)—A rare collection of works by Chen Duxiu (1880-1942), once a leader of the Chinese Communist Party, is on sale in China.

The collection consists of 270 essays, letters and other writings he wrote between 1915 and 1921. It was first published in Shanghai in 1922 and has been republished recently by the Anhui people's publishing house.

A native of Anhui Province, Chen was an outstanding exponent of democracy and science in the struggle against feudalism early this century. He was elected general secretary of the Chinese Communist Party at the party's first national congress in 1921.

But, in November 1929, he was expelled from the party for initiating a right opportunist line and taking an anti-party stand.

Historians say the collection is valuable to the study of modern Chinese history and the history of the party in its early stage.

Zhao Sends Present for Panchen Lama's Birthday
OW200332 Beijing XINHUA in English 0915 GMT
19 Feb 88

[Text] Beijing, February 19 (XINHUA)—Lamas and monks from all over China gathered for a religious ceremony here this morning to observe the 50th birthday of the Panchen Lama, a holy living figure in Tibetan Buddhism.

It was a first of its kind. According to Buddhist scriptures, only the founder of Buddhism, Sakyamuni, was entitled to such a ceremony.

The monks and lamas attending the ceremony at the Xihuang Temple presented the Panchen Lama with hada (a piece of silk used in greetings) and other gifts.

Bainqen Erdini Qoigyi Gyaincain wished everyone good health and handed out peach-shaped birthday cakes and fruit.

On a table in the temple's main hall were flower baskets from Chinese Communist Party leaders Zhao Ziyang and Xi Zhongxun, and cloisonne vases from the CPC United Front Work Department and the State Nationalities Affairs Commission.

Also in the hall were tapestries and scriptures presented by the Tibet Regional Committee of the CPC and the Tibet Autonomous Regional Government.

The Buddhist Association of China presented the Panchen Lama with a basket of flowers forming the characters "Wish You a Long Life".

Fang Yi, Chen Muhua Attend Painting Exhibition
OW220821 Beijing Television Service in Mandarin
1100 GMT 19 Feb 88

[From the "National News Hookup" program]

[Excerpt] An exhibition of art works by celebrated artists opened at Beijing's Rongbao Art Gallery this morning. On display were works by Qi Gong, Song Wenzhi, Fan Zeng, and other celebrated calligraphers and artists. Fang Yi, Li Desheng, and Chen Muhua visited the gallery to congratulate the artists and encouraged them to create new and more aesthetic works in the new year. [passage omitted]

Article on Separate Management, Ownership
HK200648 Beijing RENMIN RIBAO in Chinese
8 Feb 88 p 5

[Article by He Jiacheng (0149 1367 2052): "Firmly Separate Management From Ownership, Change Enterprise Management Mechanisms"]

[Text] In light of the needs in the development of the socialist commodity economy and the present conditions in our country, the report at the 13th CPC Congress pointed out that the central link in deepening the economic structural reform is to change the enterprise management mechanisms. As the resolution of the 3d Plenary Session of the 12th CPC Central Committee pointed out, the invigoration of enterprises is the central link of the overall economic structural reform, especially the economic structural reform in cities. After the economic structural reform with the focus on cities began, the party central leadership again gave the invigoration of enterprises, especially the large and medium-sized enterprises under the whole people's ownership, priority among the three major reform tasks concerning enterprises, market, and macroeconomic management in the proposal on the Seventh 5-year Plan. Now, as the economic structural reform in our country has entered a new stage, the central leadership has once again taken

enterprise reforms as the primary task in deepening the reforms. This fully shows that enterprise reforms hold a very important position in the overall economic structural reform.

The Separation of Management from Ownership Is a Must in the Efforts to Invigorate Enterprises [subhead]

The present issue is how to quicken and deepen the reform of the enterprise management systems. This is first related to our understanding of the measures for invigorating the enterprises under the whole people's ownership in light of the principle of separating management from ownership. Viewing the relationships between management and ownership, we find that so far, human society has only created two types of enterprise management mechanisms: One is based on the coincidence of enterprise management with enterprise ownership; and the other is based on the separation of enterprise management from enterprise ownership. According to our previous practice, the enterprises under the whole people's ownership in a socialist country were directly run and managed by the state, which acted as the representative of the whole people. Such a management system was favorable to our efforts to concentrate our strength to lay a foundation for industrialization in the early years of the people's republic under the then special domestic and international situation. However, in the process of economic development afterward, the problems of this system were more and more obviously exposed, and it was found that such an enterprise management system was not suited to the development of the productive forces. Under the state's direct management, enterprises became affiliated organs of the government; the government's administrative functions were lumped together with the enterprises' economic functions; the state too rigidly controlled the enterprises and neglected the law of value and the functions of markets; and egalitarianism became serious in the distribution of incomes. All such problems stifled the initiative of the enterprises, made them depend on the "big pot" of the state, made the workers eat from the "big pot" of the enterprise, and seriously dampened the enthusiasm, initiative, and creativity of the enterprises and the working masses. This, to a large extent, sapped the energy of the socialist economy which should have been full of vigor and vitality.

What reform principle should we rely on in order to really invigorate the enterprises under the whole people's ownership? According to the reforms of the whole people owned enterprises in other socialist countries, aside from changing whole people ownership into other ownership forms, there are mainly two methods: One is to make some changes and improvements of the traditional enterprise management system based on maintaining the combination of enterprise ownership with enterprise management; and the other is to separate enterprise management from enterprise ownership. Practical experience shows that the minor changes of the management system based on the combination of enterprise ownership with enterprise management will not actually enable enterprises to bear sole responsibility for their profits

and losses and to independently determine their production and business operation; instead, this will unavoidably cause serious subjectivism and bureaucratism and will depress the vigor and activeness of the enterprises. After the 3d Plenary Session of the 11th CPC Central Committee, both our thinking and practice broke through the framework of basing the whole people owned enterprises on the combination of ownership with management, and we gradually shifted more and more management powers to the enterprises in light of the principle of separating management from ownership. Now we have clearly realized that the enterprises should have the responsibilities, powers, rights, and benefits corresponding to their position as relatively independent commodity producers and dealers. At the same time, the number of products subject to the mandatory production plans laid down by the State Planning Commission has reduced to merely 60, and there are only 20 kinds of materials still being distributed by the state authorities in a unified way. The income taxes and other taxes paid by the enterprises to the state have now basically substituted for the profits that they once delivered to the state, and the enterprise can now keep a larger proportion of profits in their own hands and have thus begun to possess the financial strength for self-transformation, self-accumulation, and self-development. Although such reforms are still in the initial stage, the advantages of the enterprises under the whole people's ownership have been brought into better play than any time before.

At present, some comrades are still worried that the separation of management from ownership in the reforms of the management system in the whole people owned enterprises may change the ownership character of these enterprises. This is completely uncalled-for. The development of the modern commodity economy has diversified the enterprise management systems, and this has created conditions for maintaining the ownership character while changing the management systems by separating management from ownership. Capitalist enterprises can be run in the forms of sole proprietorship, partnership, and joint-stock limited companies; and in the last 10 years, the new form of equity sharing has also been developed. None of this changes the character of capitalist ownership. Similarly, the separation of management from ownership in the socialist enterprise under the whole people's ownership will not change their ownership character either. In fact, with the enterprises still being owned by the state and the management powers being exercised by the enterprises themselves, the operation of the whole people owned enterprises will better come into line with the general laws that govern the development of the modern commodity economy and socialized large-scale production, and this will enable us to overcome the defects in the traditional management systems and to invigorate the enterprises under the whole people's ownership.

Other comrades are worried that the reform scheme for separating management from ownership in the whole people owned enterprises may not be actually realized

and the purpose of invigorating these enterprises may not be actually achieved. Such worries are also uncalled-for. In theory, publicly owned enterprises and privately owned enterprises have essential differences in their ownership characters, but in terms of owners' possession of the enterprise assets, there is no difference between the two sides. The owners of the publicly owned enterprises also have full rights over the operation, yields, transfer, and final disposition of their property. So they can select either of the two options, to combine enterprise management with enterprise ownership and maintain the management powers in their own hands, or to separate management from ownership and grant the management powers to other people, say the enterprise managers. On the contrary, the enterprise manager has no power to make such decisions. Good evidence of this can be seen in the implementation of the contracted management responsibility system.

Some comrades doubt whether the principle of separating management from ownership will be actually implemented in the enterprises under the whole people's ownership and whether this will be able to radically overcome other defects in the traditional enterprise management system. Such misgivings are also uncalled-for. Our rural economic reforms were able to achieve remarkable results that attracted world attention, mainly because we introduced the responsibility system based on household production contracts in the countryside, and the essence of this system lies in the separation of land management from land ownership. Similarly, we are able to make achievements of historic significance in urban economic reforms, also mainly because we have carried out initial reforms in the enterprises owned by the whole people, including the introduction of the enterprise fund system, the two steps of substituting profit delivery with tax payment, the expansion of enterprise decisionmaking powers in many aspects, the measure to leave more profits in the hands of the enterprises, and the implementation of various forms of management responsibility systems. In general, all these reform measures are in keeping with the principle of separating management from ownership. Through these measures, the rights over the use, yields, and disposition of the enterprise assets were to certain degrees transferred to the hands of the enterprises. Therefore, reforming the enterprises owned by the whole people in light of the principle of separating management from ownership will overcome the defects of the traditional enterprise management system, and will further strengthen the vigor of the enterprises under the whole people's ownership.

Difficulties of Enterprises Owned by the Whole People in the Course of Separating Management from Ownership [subhead]

Through reforms in the past few years, the enterprises under the whole people's ownership have modified their business behavior, and have somewhat increased their vigor, but no fundamental changes have occurred in their management mechanisms, which are still unsuited to the requirements of

production socialization and the development of the planned commodity economy. In addition, some unexpected adverse phenomena have also appeared. For example, some enterprises merely bear responsibility for their profits and do not need to bear responsibility for their losses; investment and consumption continuously and extensively swell; enterprises still lack motivation to pursue technological progress; microeconomic results have not been markedly improved; and so on.

The above-mentioned problems are certainly related to the errors in our subjective selections. For example, we did not pay sufficient attention to the restructuring of the economic entities to which core management powers are delegated. However, the crux of the problem lies in the fact that the reform of the enterprises under the whole people's ownership is very complex and complicated, and the separation of the management of enterprise assets from their ownership is much more complicated and difficult than the separation of land management from land ownership in the countryside. First, it is more difficult to assess the value of the enterprise assets than to assess the value of land. When we introduced the household contract system in the countryside, we normally contracted various kinds of fields evenly to each household. That is, we not only contracted paddy fields but also dry land, not only fertile fields but also barren land, not only fields near the village but also some land far away from the village to each household. In essence, such arrangements were based on the principle that the value of land contracted to each household should be basically the same. However, when we introduced the contracted management responsibility system in the urban enterprises, it was hard for us to precisely assess the value of the assets of each enterprise, because we not only had to assess the value of their visible assets such as machines and equipment and invisible assets such as product trade marks, but also had to assess the value of their human assets, such as the quality and quantity of their technical personnel and skilled workers. Therefore, it is far more complicated to assess the value of the assets that will be contracted to each enterprise than to assess the value of the land that will be contracted to each household.

Second, it is harder to divide enterprise assets than to divide the land. There are some technical difficulties in dividing land, but in most cases, enterprise assets cannot be divided at all. From the economic point of view, the handling of enterprise assets has higher requirements on the operation scale and specialized division of work than the handling of land. In a certain sense, without an appropriate operation scale and the specialized division of work, people can still conduct agricultural production, although such agricultural production is not conducted in an economic way; however, in most cases, without an appropriate operation scale and the specialized division of work, it is almost impossible to carry out industrial production. In fact, the appropriate operation scale and the specialized division of work are the basic driving forces for the development of the modern economy.

Third, the handling of enterprise assets must face the more troublesome issues of depreciation and reinvestment as compared with the handling of land. In the case

of separating land management from land ownership, even without considering the depreciation of the land and the issue of reinvestment, the owner of the land can still retrieve the land after the land contract expires. However, in the case of separating enterprise management from ownership, if the owner disregards the depreciation of the assets and the issue of reinvestment, he may only retrieve some scrapped machines and dilapidated plant when the management contract expires. In our urban enterprise reforms, we often encounter cases in which some enterprises overload their machines and equipment in order to raise their immediate profits, and other similar shortsighted behavior. To solve and prevent such problems, the owner and the contractor can lay down stipulations about the issue of reinvestment, including the renewal of equipment and technology, in their management contracts, but this may easily lead to the loss of the best investment opportunity, because the reinvestment decision must be made in light of the current market conditions and cannot be scheduled too early. Therefore, to grasp the most favorable investment opportunity, the owner can only handle the complicated reinvestment issue with the contract-undertaking manager after the management contract is signed so as to decide when, where, and how much to invest.

Furthermore, the process of separating the management of the enterprises owned by the whole people from their ownership may encounter other special difficulties. In this process, the government, as the representative of the enterprise owner, will not only pursue economic targets such as profits, but will also pursue many social targets, such as guaranteeing the stability of prices, a high rate of employment, and the fairness of the income distribution in society. In particular, the individual interests represented by the owner have no highly sensitive direct relation with the gains and losses of the assets, and the owner is not involved in the same market competition as the contracting manager. So it is very difficult for the owner to act as effectively as the owner of a private enterprise in guaranteeing the assets through correctly selecting the manager, signing a proper management contract with the manager, handling reinvestment after the contract comes into force, and supervising the performance of the manager. In addition, to separate management from ownership in the whole people owned enterprises, it is still necessary to make great efforts to solve such issues as the separation of the party from the administrative functions, democratic enterprise management, and the maintenance of workers' initiative.

Deepening the Reforms in the Enterprises Owned by the Whole People Through Separating Management from Ownership [subhead]

When facing these difficulties in the process of separating management from ownership in the enterprises owned by the whole people, we should, first, further emancipate our minds, and judge things according to the yardstick of whether a measure under consideration is suited and conducive to the development of our country's productive

forces at the present stage. According to this criterion, we can conclude that various forms of the management responsibility system, including contracts and leases, the masses have created are all useful explorations in advancing the separation of management from ownership in the socialist enterprises owned by the whole people. In the course of reform, joint-stock companies have also appeared, with the state holding a dominant part of stocks and departments, localities, enterprises, and individuals holding the remaining shares. This is another organizational form of the property of the socialist enterprises. These reform measures have rationalized to certain degrees the responsibility, power, and benefit relations between the state and the enterprises, have played a positive role in arousing the initiative of the enterprises and workers and in strengthening the enterprises' sense of competition and their motivation of making profits, thus promoting the production operation of the enterprises. Therefore, when we deepen the reforms, we should not attach a capitalism label to the forms of contracted management, leasing, and joint-stock companies, and should not delay or even refuse to adopt various forms of management responsibility system and to adopt the new property organization forms which are suited to the development of the productive forces in the enterprises owned by the whole people.

At present, of course, contracted management, leasing, and the joint-stock system are still not the ulterior objective of the reforms of the whole people owned enterprises. Many problems still exist in the operation of each of these organizational forms. For example, in most cases, the contract norms are fixed according to the performance of the enterprises in recent years, and the market competition mechanisms have not been really brought into play in advancing the enterprise operations. This will create a new situation of unfairness among the enterprises. In addition, the owner still lacks objective standards to assess the performance of the contracting managers and to decide awards and penalties. The bargaining on the contract terms and the measures of reducing taxes and leaving more profits in the hands of the enterprises will lead to a rise in the inflation rate. The leasing system is now only suited to a very small number of enterprises, it is still particularly unsuited to the large- and medium-sized enterprises. This system may easily stimulate the enterprises to operate by overloading their machines and equipment. Problems also exist in the experiments with the joint-stock system. On the one hand, we now still lack the condition of a financial market, so many stocks that have been issued are in fact bonds, and the joint-stock companies have any variant forms. Some enterprises coercively required their workers to subscribe to the stocks equally. On the other hand, there is a tendency to divide up the assets of the whole people owned enterprises and misappropriate the yields of the assets. That is, the high yields of some state assets are distributed to the workers in the form of dividends, and this adds to the growth of consumption demand. Our practice so far has not deeply touched the essence of the traditional enterprise management system, and cannot effectively restrain the growth of investment and consumption. In some enterprises, the contradiction between factory directors and workers has become more intense. All such

reform measures still need further improvement. Things that are unsuited to the development of the productive forces should be discarded; and things that can more effectively promote the development of the productive forces should be added to the new mechanisms. Thus, when we deepen the reform of the enterprises owned by the whole people and separate management from ownership, we should allow the existence of different forms. Differences in the industrial character, enterprise scale, and technological characteristics should be taken into consideration in order to really invigorate all enterprises owned by the whole people in various fields.

However, no matter what special form we adopt in implementing the management responsibility system, we should properly handle the following three links: First, legal means must be used to stipulate the responsibility, power, and benefit relations between the state and the enterprise in the form of contracts. This can prevent the government institutions' unnecessary administrative interference in the operation of the enterprises, and can also prevent the enterprises from neglecting their responsibilities to the state, thus guaranteeing the interests of both sides when the contract comes into force. Second, it is necessary to introduce a competitive element into the selection of competent enterprise managers so as to create a contingent of entrepreneurs. This will enable us to get rid of the defects in the traditional enterprise management system, and will allow a large number of capable, energetic, courageous talented people to break fresh ground in the reforms, and temper and cultivate them by letting them brave the storms of market competition. Third, the enterprises must reform their internal management structure. This includes the introduction of the factory director responsibility system, the improvement of grass-roots work, the enforcement of labor discipline, and the strict implementation of scientific management regulations. In short, various responsibility systems should also be adopted inside an enterprise to form a new type of interdependent and closely cooperative relationship between the management and the workers and to fully arouse the initiative, enthusiasm, and creativity of the workers.

The proper handling of the above-mentioned three links does not mean the accomplishment of our enterprise reform. At present, aside from the separation of management from ownership, we still have to seriously solve the issue of how the state should act to represent the ownership of the whole people over the enterprises, or how the state should exercise management over the assets of the enterprises owned by the whole people. That is to say, we still have to separate the state's macroeconomic management function from the state's status as the representative of the owner. Now, one opinion holds that a breakthrough in the reform of the state assets management system can be made by setting up a special organization to manage the state assets. First, on the issue of selecting enterprise managers, the direct decisionmaking power and the indirect interference power now held by the government departments in charge of the enterprises and the party organizations can be transferred to this state assets management organ. Second, on the issue of distributing economic incomes and benefits,

the main method should be to restructure tax payments and profit delivery by the enterprises by separating the yields of the assets from the taxes paid to the state and subjecting the yields of the assets to the management of the state assets management organ. Third, on the issue of using the economic incomes, the key to reforms in this field is to hand the power on using and controlling the economic incomes to the state assets management organ, and this should be linked to the reforms of the investment system, especially the system of investment in key state projects, and the monetary system. Fourth, as for the issue concerning the power for the final disposition of the assets, it is not difficult to vest in the state assets management organ the power to handle the final disposition of the assets, and what we should do is to draw a line of demarcation between the state assets directly possessed by the central authorities and those possessed by local authorities at various levels. The overall layout of the state assets management system in the whole country and the internal relations must be brought into full consideration.

Finally, it is particularly necessary to point out here that the invigoration of the enterprises owned by the whole people not only depends on the changes in the enterprise management mechanisms through the separation of management from ownership, but also depends on the rationalization of the ownership structure and the invigoration of enterprises in other ownership forms. In this sense, the equity of some small enterprises now owned by the whole people should be transferred to collectives or individuals on a compensatory basis so as to expand the economy beyond the scope of the whole people's ownership. At the same time, reforms in all enterprises outside the scope of the whole people's ownership should also be quickened. This is also a task in our in-depth enterprise reforms. Moreover, the invigoration of the enterprises owned by the whole people also depends on the external environment that affects the enterprise operations. This includes the establishment of a perfect market system and an effective macroeconomic management system mainly based on indirect regulation. The two sides are conditional on each other and complementary to each other.

In short, so long as we dare to advance our explorations and practice and effectively rationalize the relationships between the owner, the management, and the labor of the enterprises owned by the whole people, we will be able to lay a vigorous microeconomic foundation for our planned commodity economy.

Research Office on Economic Reform Established
HK220441 Hong Kong TA KUNG PAO in Chinese
22 Feb 88 p 2

["Special" dispatch: "Central Party School Sets Up Five Groups To Study Outline for Economic Structural Reform"]

[Text] Beijing, 21 Feb—According to informed sources, the Central Party School of the CPC Central Committee recently decided to set up a research office for economic structural reform so as to accept some important tasks entrusted by the State Commission for Restructuring the Economic System.

The present task of the research office is to study a program for economic structural reform between 1988 and 1995. The office consists of four study groups, namely, the group for improving the managerial mechanisms of enterprises, the group for establishing a comprehensive market system, the group for improving the comprehensive system of macroeconomic readjustment, and the group for comparing economic structural reform in different countries of the world.

In addition, the research office also has a special group for appraising and submitting constructive amendments to all research achievements. It is striving to make known its research results (outline) by the end of April in accordance with the requirements of the State Commission for Restructuring the Economic System.

Home for Each Urban Family Targeted for 2000
HK200216 Beijing CHINA DAILY in English
19 Feb 88 p 1

[By staff reporter Wang Dongtai]

[Text] China has set itself the target of providing each urban family with an apartment before the year 2000.

Although the task was enormous, with 10 million families in urban areas short of housing, the government believed it was better to have a concrete goal, said Yan Zheng, deputy director of the Institute of Urban Housing under the Ministry of Urban and Rural Construction and Environment Protection.

It is predicted that each urban resident will have an average of 12 to 13 square metres of living space by the end of the century. At present the average was less than 10 square metres, Yan Zheng told CHINA DAILY.

But the difficulty arises, not in providing space, but in giving each family an exclusive apartment including kitchen and toilet. However the government was willing to try, Yan said.

At present 90 percent of town and city dwellers depend on the government for housing.

Although the government has been building 130 million square metres of urban housing each year for the past seven or eight years, a quarter of the urban population still does not have its own home or live in crowded conditions and many others have to share kitchens and toilets.

Each resident has to apply to his working unit for accommodation but citizens do not have equal opportunities.

It is easier for some institutions or enterprises than others to get investment to build housing for their workers.

Since new homes are usually allocated to those who have worked for longer, young people tended to depend on their parents. Some did not try to get housing, a dependence not good for young people, Yan said.

Some officials and scholars live in four or six bedroom apartments, while many ordinary people live in crowded buildings, sharing kitchens and toilets. The difference in living space is much larger than the differences in salaries.

The current urban housing reforms will change the previous low rent system and those with more space will have to pay more, Yan noted.

The mayor of Yantai, in Shandong Province, which is the first city in the country to carry out housing reforms, has set an example by paying about 30 yuan more rent than he used to.

The reforms raised original rents from an average of 0.13 yuan per square metre to more than one yuan. The government subsidizes a certain part of the increased rent according to salary difference.

Yan said the housing reforms were expected to spread to about 70 cities before the end of the year.

Article Discusses Agricultural Situation
HK210734 Beijing JINGJI RIBAO in Chinese
5 Feb 88 pp 1, 3

[Article by Gao Yinuo (7559 0110 6179), He Daofeng (0149 6670 1496), and Wang Chengde (3769 6134 1795): "What Is the Agricultural Situation? — First in a Series on the Agricultural Question"]

[Text] When China's economic reform, which attracted worldwide attention, entered its 10th year, when the leading rural reform achieved universally acknowledged successes, and when people were intoxicated with the miracles created in agriculture, the public suddenly cast doubts on China's current agricultural situation. Urban inhabitants were particularly perplexed by the short supply of some farm and sideline products and the resumption of pork rationing in some large and medium size cities. They did not know what was wrong with agriculture. Therefore, they raised a common question from different angles: What is the agricultural situation?

Has Agriculture Reached a Crisis [subhead]

The latest authoritative statistics indicate that the total product of society in China's agriculture exceeded 895 billion yuan in 1987, a 12 percent increase over the previous year. Of this, the total output value of township enterprises reached 450 billion yuan and that of agriculture amounted to 438 billion yuan, an increase of more than 4 percent over the previous year (calculated according to fixed prices). The total output of farm products increased by a big margin, except the number of pigs slaughtered, which decreased by 3.6 percent. Of this, grain output went up 2.5 percent to

401.2 billion kg; cotton output jumped 13.3 percent to 80.2 million dan; beef and mutton output grew 0.9 percent to 21.32 million tons; aquatic products output reached 9.4 million tons, hitting a record for 3 years running; and average rural incomes grew 3.3 percent in real terms to 460 yuan.

These figures show that the growth in agricultural production last year was real and that the great momentum of agricultural development is beyond doubt.

The growth in China's agricultural labor productivity and land yields over the past 9 years has outstripped every other period since the founding of the PRC, thus putting an end to the long-term imbalance in the national economy. The rapid growth in agriculture has promoted the smooth development of the national economy in the following three aspects:

First, the increase in the supply of farm produce and food has invigorated the urban and rural markets, improved the people's living standards, and provided ample raw materials for the development of industry.

Second, the increase in farm incomes has helped expand China's domestic market. Rural retail sales soared to 300 billion yuan in 1987 from 80 billion yuan in 1978, accounting for 60 percent of total retail sales and vigorously supporting the rapid growth of urban industry.

Third, without asking for a single fen of investment from the state, the peasants ran more than 15 million rural factories with fixed assets of 200 billion yuan, employing 85 million people in rural areas and alleviating the pressure on social employment, thus bringing about an abrupt rise in rural industry.

We have good reason to believe that the changes in agriculture have supported China's national income in topping 800 billion yuan from 300 billion yuan, thus putting an end to the lopsided "dual economic structure" prevailing before the 1980's, which "developed industry at the expense of agriculture and developed agriculture at the expense of natural resources." As a result, agriculture, which perplexed us for a long time and which was a "bottleneck" sector that hindered the development of the national economy, became a sector characterized by vigor and vitality.

Such being the case, why are people discussing the question of agriculture these days and consider there to be a shrinkage or crisis in agriculture? Where do their worries come from?

The question of insufficient investment and agriculture were always linked when people worried about agriculture some time ago. The too small proportion of agricultural investment in the state's investment in capital construction as a whole is indeed a major problem that merits great attention and that should be promptly solved. The proportion of the state's investment in

farmland capital construction has dropped from year to year from 11.9 percent over the past 29 years to around 3.3 percent. Obviously, such a state of affairs has seriously hindered the sustained development of agriculture. We should be determined to change this investment strategy and genuinely put agricultural investment in a position that corresponds to the foundation of agriculture. However, we cannot simply attribute the question of agriculture to insufficient investment or believe that the agricultural situation is unfavorable.

To develop a planned commodity economy following the introduction of economic structural reform in rural areas, there should be a change in the investment setup. As far as agricultural investment is concerned, it should at least include the following: First, state (including the local governments at all levels) investment and second, investment by peasants as independent commodity producers. The former can be realized by stressing the importance of agriculture and changing the state's investment strategy, while the latter can only be realized by depending on the role of the law of value and guiding the peasants with prices. As independent commodity producers, the peasants now have the decision-making power. They want to make investments and develop commodity production according to market prices and demand. For example, they invest less in grain because of the low returns: "It is necessary to grow grain and make investments, but we should not grow too much grain or make too many investments." As profits from pig breeding are very low, they raise poultry, from which they can make more money in a shorter period of time. This is the choice made by the peasants according to market prices. It is a normal manifestation of the peasants in developing a commodity economy. It also shows that the peasants have followed the law of value. The peasants' increasing sense of commodity economy is precisely what we want. In the final analysis, we should arouse the enthusiasm of the millions upon millions of peasants and rely on their investment to develop agriculture. The state can obtain good returns only when its investment in agriculture is based on the enthusiasm of the peasants.

Regarding the question of agricultural investment, in addition to state investment, it would be more significant to introduce a new mechanism to maintain a balance of supply and demand and rationally guide the peasants' investment and distribution of natural resources. We might overlook something if we regard the question of agriculture as a matter of investment and only stress state investment.

Do Fluctuations Mean Crisis [subhead]

Some urban inhabitants think that something must have gone wrong with agriculture simply because of the short supply of pork, the resumption of pork rationing in some cities by the end of last year, and the price increases of farm and sideline products. We should analyze this problem. Should the short supply of pork be regarded as a crisis in agriculture? Conversely, can we say that the agricultural

situation was good when peasants experienced a nationwide difficulty in selling their pigs in 1986, when the supply of pork outstripped demand, and when some localities reduced prices to encourage the inhabitants to consume "patriotic pork?" Obviously, it would be inappropriate to judge the situation by the simple analysis that "more means good and fewer means bad."

Periodic fluctuations in agricultural production are unavoidable. Take grain production as an example: Although there have been fluctuations over the years, the total grain output has increased steadily (though not to the extent of a few years ago) instead of dropping drastically and fluctuated basically at the level of 400 billion kg. Agriculture, which is a combination of natural reproduction and social reproduction, is conditioned by weather and other natural factors. Periodic increases and decreases in output are unavoidable and normal. There are no exceptions to this either in China or other countries. For various reasons, in 1984 peasants nationwide experienced difficulties in selling their grain to an extent seldom seen since the founding of the PRC. The first, low level surplus of grain signaled peasants to restrict grain production. In 1925 the peasants readjusted the production setup and reduced the sown area of grain by 60 million mu. Moreover, because of the drop in imported chemical fertilizers, the short supply of capital goods for farming, and natural disasters, grain output dropped by 25 billion kg. As restrictions were lifted on purchases but not on the marketing of grain, urban inhabitants were unable to experience the changes in market fluctuations because the grain ration for the 200 million urban inhabitants was not affected by the change in grain production and the market fluctuations.

However, urban inhabitants were able to experience the fluctuations in pig production, which is closely related to grain. Fluctuations in pig production are similar in nature to those in grain production.

Affected by the production cycle and the role of price parities between pigs and grain, the fluctuations in grain produced an impact on pig fluctuations 1 year later. When the market price of grain dropped in 1985, pork output rose to over 2.1 million tons, an increase of 14.5 percent. Consequently, nationwide difficulties in selling pigs appeared again in the first half of 1986. In many localities the purchase price dropped to 0.6 yuan for pigs and even as low as 0.2 yuan for piglets. All this dampened the enthusiasm of the peasants for pig breeding. As the peasants came to realize that pig breeding was not profitable, they quickly reacted by raising fewer pigs for their own consumption, which resulted in a drop in pig production. When the stock could not meet the needs of market supply, a short supply of pork resulted in 1987. By the end of the year, some large and medium size cities had to adopt pork rationing.

The difference between the fluctuations in pig and grain is that a large proportion of grain is "monopolized" and urban inhabitants cannot experience the fluctuations in grain production because the risks are mainly undertaken by the state and peasants; they can experience the fluctuations in pig production because the purchase prices of most of the pigs are regulated by the market.

It should be noted that the method of judging a problem from the vegetable basket instead of the vegetable garden and from urban consumers instead of both production and consumption is not comprehensive. For a long time this old system separated the urban from rural areas and inclined to urban areas. It was precisely this system that undermined the foundations of agriculture, encroached upon the peasants' interests, and affected the normal development of the national economy. We should always remember this bitter lesson.

The different views on the agricultural situation also indicate that it is no easy job to reform the established relation of interests that took shape under the old system. When restrictions were lifted on the rural market, the market for farm produce was still immature and a market regulation mechanism was not yet established. Therefore, it was difficult to maintain a balance of supply and demand for farm produce. Conversely, it stimulated consumption, restricted production, and intensified market fluctuations. Obviously, this is not a question of agricultural crisis or shrinkage. It is due to the lack of coordination between urban and rural reforms, the relations between urban and rural areas that are not yet properly readjusted, and the market mechanism, which is not yet mature and has not been perfected.

Official Suggests Revising Medical System
HK200311 Hong Kong HONGKONG STANDARD
in English 20 Feb 88 p 5

[Text] Beijing—A system of fees for medical services should be instituted in China, a provincial health official has urged.

Workers in China's state-owned enterprises and institutions enjoy free basic medical care but Mr Zeng Quoheng, director of the provincial health bureau in Guizhou Province in southwest China, said this was a growing burden on the state budget.

"China is still in a primary stage of socialism and a new medical care system should be built in line with this understanding," he said in yesterday's HEALTH NEWS.

Noting that Guizhou was one of the most economically backward provinces in China, Mr Zeng said it should be given more flexibility but it was impossible to allocate a lot of money to develop medical care in the province.

He also felt a responsible system of management should also be applied in hospitals and other medical units and that medical workers should be paid according to their performance.

East Region

Chen Guangyi Visits Fujian Propaganda Workers
OW211011 Fuzhou FUJIAN RIBAO in Chinese
12 February 88 p 1

[Excerpts] The Propaganda Department of the Fujian Provincial CPC Committee held a meeting of the heads of all propaganda departments in Fujian to relay guidelines of the national propaganda directors' conference and arrange for this year's propaganda work. The meeting was held in Fuzhou 8-10 February. Participants in the meeting seriously studied Comrade Hu Qili's important speech at the national propaganda directors' meeting and the main points of propaganda work in 1988 transmitted by the Propaganda Department of the CPC Central Committee. They also discussed the main points of Fujian's propaganda work in 1988 and the proposal on strengthening education in the basic line throughout the province. Wang Zhongxin, deputy director of the provincial Propaganda Department, spoke on external propaganda work. He Shaochuan, member of the Standing Committee of the provincial party committee and director of the provincial Propaganda Department, summed up the meeting. Before the meeting closed, provincial leaders, including Chen Guangyi, Wang Zhaoguo, Jia Qinglin, Hu Hong, Cheng Xu, Wen Fushan, Zhang Gexin, and Huang Ming, paid a visit to the conferees. They affirmed the work done by the participating comrades and urged them to make new contributions to this year's propaganda work.

The meeting stressed: The most important task in our propaganda work is to continue mobilizing our cadres and the people to seriously study documents of the 13th CPC Congress and extensively and profoundly conduct education in the party's basic line during the initial stage of socialism. All study programs and education should concentrate on further emancipating the minds, liberating the productive forces, and enhancing the consciousness in implementing the party's basic line. [passage omitted]

The meeting pointed out: It is necessary to focus on economic construction and further strengthen the propaganda of reform and the open policy through the mass media. [passage omitted]

Zhejiang's Xue Attends Armament Committee Meeting
OW200455 Hangzhou ZHEJIANG RIBAO in Chinese
10 Feb 88 p 1

[Dispatch by Zhang Shengliang and Ma Ji]

[Text] The provincial party committee's Armament Committee held its first plenary meeting for this year on the afternoon of 9 February. Xue Ju, secretary of the provincial party committee; Shen Zulun, governor of the province and

chairman of the Armament Committee; and Li Qing, commander, and Liu Xinzeng, political commissar of the provincial Military District delivered speeches at the meeting. Yang Shijie, deputy commander of the provincial Military District, and responsible comrades from the concerned departments of the provincial party committee, the provincial government, and the provincial Military District were also present at the meeting.

The meeting pointed out that in 1987 militia and reserve service work in our province was vigorous, achieved remarkable results, and made new progress on the basis of accomplishments scored in previous years. In the new year, People's Armed Forces work should be guided by the spirit of the 13th CPC National Congress. And, reform must be the main task. Efforts should be made to reform the militia and reserve service system in greater depth and in close conjunction with economic construction. This would enable us to make new contributions to invigorate Zhejiang's economy while reinforcing reserve forces in the province.

In his speech Xue Ju pointed out: Zhejiang is a major base for developing export-oriented economy, as well as a coastal defense front. This means that we should not only increase our vitality in opening to the outside world, but also strengthen our coastal defense capability. At present, a very important task is to implement the instruction that "we should step up education about defense to make people more aware of its importance." General Secretary Zhao Ziyang put forward this instruction in his report to the 13th CPC National Congress. He asked leadership at all levels to consider national defense education a major measure to strengthen the country's centripetal force and the nation's vitality. In this regard, he called for propaganda and education at all levels, through various channels, and in diverse forms by using political or economic measures or by means of law in an effort to cultivate all people's awareness of the importance of national defense and arouse their enthusiasm to safeguard and strengthen the motherland. He urged military departments and People's Armed Forces departments at all levels to organize and mobilize militiamen to participate in building the two civilizations and to take the road of using the income earned from labor to support the militia and of making the country rich and the armed forces strong. He also asked them to contribute to the development of our province's export-oriented economy and the promotion of its reform and construction projects. He stressed that local party committees, governments, and military departments at all levels should carry out overall reform, strive to successfully fulfill this year's militia and reserve service tasks, and make continued efforts to improve the system combining militia and reserve service so as to bring our province's work of building up the reserve forces to a new stage, as is the case in economic construction. With regard to People's Armed Forces departments, he emphasized the need to insist on the dual leadership system and strengthen these departments in an all-round way.

In his speech Shen Zulun called for further enhancing awareness of the importance of beefing up armed forces work in the new period, strengthening the building of

party committee People's Armament Committees at all levels, and giving full play to their leading role in militia and reserve service work. He said that strengthening the national defense reserve forces is a long-term strategic task for the whole party and the whole army and is an important policy to ensure the consolidation of our national defense. Especially when our country is concentrating its efforts on economic construction with a big reduction in its active military units, he said, it is all the more necessary to attach importance to building up reserve forces for national defense. He called on local leaders at all levels to continue enhancing their awareness of the importance of building up the reserve forces and pay attention to militia and reserve service work in circumstances of accelerating and deepening reform. At present, he added, it is especially necessary to strengthen coastal defense construction so as to ensure the security of coastal areas and provide a peaceful and tranquil environment in which our province can develop its export-oriented economy. In particular, he stressed: Using the income earned from labor to support the militia is a good method for building up reserve forces in the new circumstances. This is also a good measure to assist in the development of the commodity economy. All localities are requested to earnestly sum up their experience and go all out to develop in this regard.

Commander Li Qing briefed the meeting on last year's armed forces work and the militia, reserve service, and conscription tasks to be carried out this year. In addition, he asked People's Armed Forces departments at all levels in the province to take the initiative to act as advisors to local party committees and governments and strive to contribute to economic construction and the building of reserve forces in the province. In his speech Liu Xinzeng urged those on the People's Armed Forces front to actively develop a labor campaign so as to earn income to support the militia and at the same time contribute to the invigoration of Zhejiang's economy.

The meeting examined and adopted the "Opinions About Militia and Reserve Service Work in 1988" and "Regulations on Functions of Armament Committees of Local Party Committees at Various Levels."

Central-South Region

Hubei's Guan Comments on Economic Development
HK220641 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 21 Feb 88

[Text] In his recent comments on a report on the province's economic and technical cooperation, Guan Guangfu, secretary of the provincial party committee, noted: Promoting all-around, multilevel economic cooperation will, to a certain extent, play a decisive role in bringing about economic success. Last year, lateral economic combinations were further developed in depth. Combined and cooperative projects in the province number more than 6,500; economic combinations in the province number more than 3,000.

Through the promotion of combinations and cooperation, the province's newly created output value reached 1.9 billion yuan, and its newly created profits and taxes reached 300 million yuan.

Comrade Guan Guangfu added: Although we got good results during the previous period, we are still shouldering heavy responsibilities. Under the conditions of our planned commodity economy, economic and technical cooperation is the inevitable outcome of the division of labor and cooperation within large-scale socialized production. As we are now engaged in promoting reform, opening up, and reinvigoration, it is possible for us to overcome our shortcomings by learning from others' strong points. In fact, to develop our economy, it is practically necessary for us to overcome our shortcomings by learning from others' strong points. We are no longer in the era of self-sufficiency in everything. We have been stressing on this basis the necessity of opening up a second front. In addition, foreign and domestic economic conditions show that economic development can only be successfully carried out in a greater environment.

Comrade Guan Guangfu demanded that leading comrades from party and government organizations at all levels, as well as those comrades engaged in economic and technical cooperation, strengthen their sense of urgency, and guard against taking a wait-and-see, wavering attitude and letting slip a golden opportunity. As time and tide wait for no man, we should rise with force and spirit, and make due contributions to preventing the economy of our province from going downhill. We should fight to raise our province within central China.

North Region

Nei Monggol's Wang Qun Visits Border Soldiers
SK211049 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 18 Feb 88

[Excerpts] On 17 February leaders of the regional party and government organs, including Wang Qun, and Bu He continued their visit to extend regards to frontier soldiers.

At Company No 9 of a PLA unit, the leaders cordially talked with cadres and soldiers and asked them about their livelihood, work, study, and family income.

Secretary Wang Qun said: You have contributed to national defense undertakings. Your families have also made contributions. Please send my regards to your parents.

On hearing that the 9th Company won a collective second-class merit last year, Secretary Wang Qun said: Yours is a model regiment and company. This shows that you comrades have performed your duty outstandingly. We are very pleased with your work and hope all of you achieve further progress.

At the No 8 Company, the leading comrades watched new soldiers' training. Secretary Wang Qun wrote an inscription which read: Defend and build the frontier. He encouraged the soldiers to serve as faithful guards of the motherland and the people. [passage omitted]

During their stopover at the frontier, the leading comrades also held talks with responsible comrades at and above the department level of the regimental organs, solicited their opinions, studied their questions, and helped the frontier soldiers eliminate misunderstandings and resolve difficulties.

Wang Qun, Bu He, Tian Congming, and other leading comrades made decisions immediately. They promised to help the comrades solve their problems in watching television, maintaining border sentry posts, and Army units' production and management.

Cadres and soldiers praised the leaders and said: Because the leaders have come here on the first day of the Chinese Lunar New Year to help us solve difficulties, we will repay their concern and love with our outstanding work achievements.

Nei Monggol's Wang Qun Visits Grassroots Units
SK211056 Hohhot Nei Monggol Regional Service
in Mandarin 2300 GMT 20 Feb 88

[Text] During the Spring Festival, principal leaders of the regional party, government, and military organizations, including Comrades Wang Qun, Bu He, Tian Congming, Cai Ying, and Liu Yiyuan, travelled to Erenhot City, Sonid Right Banner, and Siziwang Banner. They conveyed greetings to cadres, workers, staff members, peasants, and herdsmen of various nationalities and celebrated the traditional Spring Festival with them.

In Erenhot City, the leading comrades paid Spring Festival calls on those cadres, workers, and staff members who stood fast at their posts during the festival and wished them to sort outstanding achievements in the new year.

At (Er)onsobao Gacha in (Uligeng) Sumu of Sonid Right Banner, the leading comrades called on the house of herdsman Sang Bu. Sang Bu, 53, happily said to Wang Qun, Bu He, and other leading comrades: In the past, our gacha was relatively poor. Under the guidance of the party's policy to make the people affluent, my household income amounted to some 18,000 yuan last year. In addition, my son won a merit citation in the Army and got married recently. Therefore, all of my family members thank the party and government leaders for [words indistinct]. On hearing that Sang Bu plans to use his accumulations to build pastures, Wang Qun said happily: It is a very good idea. The fact that you have not forgotten the state's interest and are building pastures since you became prosperous shows that our herdsmen have a high degree of awareness and that the prospects of pasture building are very bright.

When Commander Cai Ying was informed that children of many herdsmen's families were on active service in the Army, he sincerely inquired about the production and living situation of these families. He then thanked them for sending their children to the Army.

During the first 3 days of the Spring Festival, leading comrades also travelled to some other grassroots units to meet with many people and cordially converse with them. Leading comrades encouraged the large number of cadres, workers, staff members, and herdsmen to further implement the guidelines of the 13th party congress; hold high the banner of unity and construction; positively plunge into reform; strengthen the mass unity among the party, the government, the Army, the civilians, and the people of all nationalities; work hard to fulfill the goal concerning the short-term economic development set forth by the regional party committee; and make concerted efforts to build Nei Monggol into a united, prosperous, and civilized region.

Hebei's Xing Chongzhi Meets With Cadres
SK211040 Shijiazhuang HEBEI RIBAO in Chinese
3 Feb 88 p 1

[Text] On 29 and 30 January, Xing Chongzhi, secretary of the provincial party committee, held a forum with some grassroots cadres and peasants in Xincheng County to discuss the need to stabilize agriculture in an effort to achieve a stable economy. He pointed out that it is necessary to safeguard the peasants' economic interests and intensify the momentum for agricultural development.

Xing Chongzhi said: Under the current situation in which we have carried out centralized and decentralized management, peasants will find it difficult to carry out farming, to water the land, to prevent epidemic diseases, and to promote sales if socialized services cannot keep pace with the situation. This problem cannot be solved by relying only on the efforts of one family or one household. In addition, some localities have failed to implement the policy of linking contract purchases of grain with the supply of low-price chemical fertilizers and diesel oil and the policy of paying purchase deposits. Some have even retained the supply of low-price chemical fertilizer and diesel oil or engaged in malpractices, thereby dampening the peasants' enthusiasm. Therefore, in order to mobilize the peasants' enthusiasm, we must exert strenuous efforts to grasp socialized services. We should establish and improve all forms of service organizations and realistically help peasants to handle things which cannot be done by one family or one household. It is necessary to continuously implement this policy and to guarantee the supply and forbid the retention of low-price products. The supply of these products should be given in a timely manner. We should also guarantee that all peasants can enjoy real benefits.

Xing Chongzhi said: In order to stabilize agriculture, we must intensify agricultural momentum. On the one hand, we should increase agricultural funds. We should

rely primarily on the peasants' efforts to increase agricultural input through various methods. We should also organize them to establish a production development fund and turn part of consumption funds into production funds. On the other hand, we should organize the peasants to engage in labor accumulation and to mobilize voluntary workers to carry out farmland capital construction. At the same time, we should organize and encourage scientific and technical personnel to go to rural areas, rely on scientific and technological progress to raise agricultural labor productivity, and further display the role of township enterprises in "developing processing industry to promote agriculture."

While touching on stabilizing the grain cultivation areas, Xing Chongzhi said: We should properly handle the relationship between planting grain and cash crops, stabilize grain cultivation areas, raise the yield per unit area, and guard against the blind and unlimited expansion of the area sown to cash crops. At the same time, we should strive to increase native product tax revenues from fruits and vegetables and use policy regulation to support grain production. In short, in order to stabilize agriculture, we should proceed from the overall objective of the second stage of rural reform and should deepen reform in an effort to attain the goal.

Domestic Flight Hijacked; Hijacker Arrested
OW220917 Tokyo KYODO in English 0900 GMT
22 Feb 88

[Text] Taipei, Feb. 22 KYODO—The man who hijacked a Taiwanese domestic plane over the southern Taiwanese city of Kaohsiung Monday was overpowered by its crew, China Air Lines announced.

The man was arrested at Kaohsiung Airport after the plane touched down safely. Earlier reports saying two hijackers were aboard proved false.

All 114 passengers were safe and got off the plane, bound from Taipei to Kaohsiung.

AFP Report

HK221026 Hong Kong AFP in English 1018 GMT
22 Feb 88

[Text] Taipei, Feb 22 (AFP)—In-flight security men and passengers Monday overpowered a Taiwan man who tried to hijack a China Airlines domestic flight to Beijing, the plane's crew said.

They said the would-be hijacker showed two fake grenades to a flight attendant and threatened in a note to blow up the Boeing 737 if it did not take him to the Chinese capital.

The jet was carrying 107 passengers and seven crew from Taipei to Kaohsiung, Taiwan's southern port city. Earlier reports said 105 passenger were on board.

A China Airlines spokesman said Chien Chu-Yuan, 29, of Taipei, was detained by airport police after the aircraft landed in Kaohsiung. He added that Mr. Chien was injured in the incident, but gave no details.

No passengers or crew were reported hurt.

Flight attendant Irene Lee Lin told reporters that the jet's captain, Yang Chai-Sheng, did not change course when the hijacker delivered his demand, but did lower the altitude of his aircraft.

When the plane began its approach to Kaohsiung, about 370 kilometers (225 miles) south of Taipei, the hijacker stood up from his seat, Miss Lee said.

"He shouted that it was too early to land in Beijing. Two security men and a steward grabbed him and two passengers joined in. They fought him to the floor," she said.

Capt. Yang said the hijackers' grenades were fakes, made of wood.

The aircraft later flew back to Taipei from Kaohsiung.

Security guards fly on all domestic flights in Taiwan, as well as on China Airlines' international routes.

In April 1985 a Hong Kong man was overpowered when he tried to hijack another China Airlines Boeing 737 flight between Taipei and Kaohsiung. Two months later he was jailed for four years.

In May 1986 a China Airlines pilot, Wang Xi-Jue, diverted his Boeing 747 cargo plane to Guangzhou, China, in a successful defection bid while on a flight between Bangkok and Hong Kong.

That incident led to the first official contacts between Beijing and Taipei since 1949 as talks were held in Hong Kong for the return to Taiwan of the freighter and its two other flight crew.

Taiwan's Kuomintang (KMT) government has consistently refused all contact with Beijing since Mao Zedong's communist forces pushed it off mainland China in 1949 in a civil war.

Half-Brother Hints Late President Poisoned
HK200249 Hong Kong SOUTH CHINA MORNING
POST in English 20 Feb 88 p 9

[By Alfred Mok]

[Text] The Taiwan rumour machine is in overdrive following the publication of a newspaper article about the last hours of President Chiang Ching-kuo by his half-brother General Wego Chiang, hinting at possible poisoning, treachery, and political intrigue.

Using language reminiscent of the ancient imperial court, the article, written as a memorial to the late President, is startling in its implications.

"You (President Chiang) died because you could not sustain yourself after vomiting huge quantities of blood," General Chiang wrote. "This (his death) could truly be described as being due to 'the total splitting up of all (your) internal organs'."

In traditional Chinese literature, to die of the splitting up of one's normal organs was often a reference to poisoning.

Some analysts believe there is a suggestion that President Chiang, who is officially supposed to have died of heart failure, was the victim of foul play.

General Chiang also wrote that he hated "this group of ignorant and unrighteous people", perhaps a veiled reference to some members of the President's inner circle.

Then he went on: "No one would not be thinking of the future of the country—unless he is a traitor lying in wait! No one would dig his own grave and destroy his own future, unless he harbours ulterior motives.

"There is a Chinese saying: Those who are not of the same concept do not plan together. But if one does share the same concept, he is a Chinese even though his eyes

are blue and his hair blond. If one totally dissociates himself from the Chinese concept, he is practising barbarism even though he is a Chinese."

The article has rocked the Taiwan community and attracted much attention from the mainland regime.

Apart from General Chiang's astonishing remarks about his brother's death, observers believe his article also serves as an important political statement, expressing displeasure at the course of events since President Lee Teng-hui took over.

General Chiang called for the return of Mr Chiang Hsiao-wu, President Chiang's second son by his Russian wife, now a deputy trade officer stationed in Singapore, to lead the nation.

So it appears the political swords are drawn and many analysts are regarding the article, published in three newspapers of different political backgrounds, as the first salvo of the Chiang family and its conservative followers.

Observers are divided over exactly what General Chiang was trying to say.

Some feel he was not directly accusing those prominent people around the President in his final hours. However, he did describe them as being ignorant: possibly meaning many of President Chiang's close friends and associates such as Mr Ni Wen-ya (head of the Legislative Yuan) and Mr Yu Kuo-hua (the Prime Minister) who were president when he fell ill.

President Chiang, a diabetic who in his last months was confined to a wheelchair, was attending to business as usual the day before his death.

According to the official account which was released five hours after he died on the afternoon of January 13, the President felt dizzy when he woke up and did not take breakfast. He began vomiting and was sent to hospital. At 1.55 pm he vomited blood and two hours later he was dead.

Unofficial accounts have it that the President was not admitted to hospital until the early afternoon. Had he been admitted immediately and placed in intensive care he might have survived.

If General Chiang's reference to the last hours of his brother are remarkable, his insinuations about "traitors" and "plotters" who are lying in wait to take over the country are simply extraordinary.

He accused some of being unrighteous. He did not name them but, in the eyes of the Chiang family, they could well be those President Chiang groomed and who then supported President Li Teng-hui to head the Kuomintang (KMT).

Analysts believe that he was also obliquely referring to those trained in overseas countries, who still have close associations with those nations and no longer champion the traditional Chinese virtues.

To understand the intricate web of Chinese politics, KMT style, one has to examine the contemporary history of the Nationalists.

President Chiang Kai-shek was the patriarch of China's first family in the 1930s right up to 1949. After the defeat by the communists he ruled Taiwan until his death in 1975.

President Chiang Ching-kuo was his first son by his first marriage. He was sent to Moscow at the time when the KMT and the communists were co-operating. Ching-kuo suffered a great deal in the Soviet Union, but he married a very pretty Soviet girl and they had three sons and one daughter.

Having lived among the ordinary people (for several years he worked in a factory), Ching-kuo understood the plight and deprivations of the ordinary people and when he became President he was far more sympathetic to the lot of the common man.

General Wego Chiang was an adopted son—the son of a very close friend of Generalissimo Chiang Kai-shek. Wego was sent to Hitler's Third Reich and was a tank commander. A trained military professional, Wego dissociated himself from the intricate politics of the Chiang regime and instead devoted much of his time to military business.

He is an acknowledged strategist and many of his military writings have won world recognition.

Wego was content to be strictly a soldier and was not, so the story goes, too close to Ching-kuo. However, early last year, when President Ching-kuo realised his health was failing fast and the military's influence was rising along with several other factions, he appointed his brother, who at 70 had retired from active service, to be Secretary-General of the National Security Council (NSC).

Just what functions and powers that NSC exercises remain unclear. In the military, the three services are under the General Chief of Staffs, mainlander General Hao Pei-tsun, while army intelligence, which plays a dominant role in keeping dissidents—be they military or civilian—in check, is headed by one of General Hao's most trusted aides, General Yen Pai-chien.

But the NSC was under the chairmanship of the President himself. There is, therefore, a kind of conflict of interest between the NSC and the military.

At the same time, the NSC is also supposed to report to the National Assembly and be under its guidance.

This complicated system would defeat any logical analysis of the power structure in the Nationalist camp.

However, the NSC's role was spelt out in an oblique way by General Wego Chiang himself.

During one recent session of the National Assembly, General Chiang was the key speaker. In a rather informal presentation of a typical military discourse, General Chiang described a battlefield. First artillery shells were exchanged, followed by bazooka attacks as the soldiers of both sides moved closer. Grenades were lobbed and finally when they were close enough for hand-to-hand combat, they charged.

On one side, the platoon leader was shot dead in that initial moment. As he fell, a private second class, who was closest to him, picked up his pistol, took up the lead and shouted: "Men, follow me. Charge!"

When the battle was over and the soldiers regrouped, the private second class dutifully handed over the command of the platoon to the deputy platoon leader and the chain of seniority was re-established.

Plain enough. A war story that everyone understands. But then General Chiang went on: "The National Security Council was like the private second class. In peace time, it serves under the direction of the National Assembly.

But in times of emergency, when there was no time to call a session of the National Assembly and discuss the pros and cons of a precarious situation and make a decision, the NSC automatically assumes command and resolves the crisis.

"Only after the crisis is over will the NSC return its authority back to the National Assembly."

General Wego Chiang was making a none-too-veiled reference to the current state of affairs on Taiwan and it implies that he would play a pivotal role in shaping the future of the island, General Hao Pei-tsun notwithstanding.

However, many regard General Chiang as a staunch supporter of the Chiang family, supported by the elderly veteran leaders who followed President Chiang Kai-shek to Taiwan in 1949.

On the other side of the political scales are a far more complex combination of forces.

Many are relatively younger leaders, the children of mainlanders disdainful of the old guard who continue to cling to power. These younger leaders are generally Western-trained, have strong support in the countries where they were educated and therefore have a strong lobby in those countries.

At the same time, there has emerged a corps of influential businessmen who have strong ties with neighbouring Japan through long years of association dating back to the time when Japan annexed Taiwan.

These two forces may now join hands with the common objective of ridding the party of elderly conservative elements. One example of their success was, upon President Chiang Ching-kuo's death, the failure of Mrs Chiang Kai-shek, the 92-year-old widow of General Chiang Kai-shek, to persuade the party's Central Standing Committee not to elect an interim chairman of the party.

The Young Turks refused to buckle under and managed to bulldoze through the election of Mr Li Teng-hui as the interim chairman until the party's 13th National Congress on July 7.

They followed this success with the move, again made at the Central Standing Committee, to introduce a retirement plan in which elderly, infirm conservatives are persuaded to quit the National Assembly, the Legislative Yuan, and the Supervisory Yuan to allow younger members to joint the three bodies.

If the Young Turks have their way, this would mean the eviction of the conservative elements and the vanquishing of the Chiang family as an influential political force.

The political situation on the island is, therefore, fairly volatile.

The next round may come when President Li Teng-hui meets the world press early next week.

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